



Malta's Report to the European Commission on  
the Implementation of Directive 2009/72/EC,  
Directive 2009/73/EC and Directive  
2005/89/EC

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# 1 Foreword

The Malta Resources Authority (MRA) was set up by Parliament through the Malta Resources Authority Act of 2000 as the regulator for energy, water and mineral resources.

The Authority is composed of a chairman, deputy chairman, and five members. The Authority exercises its functions through Sections and Units as established and vested with responsibilities by the Authority and under the overall responsibility of the Chief Executive Officer.

The MRA mission:

*The Malta Resources Authority seeks to serve the local community through effective, coherent, holistic and transparent regulation of energy, mineral and water resource sectors of the economy, ensuring their advancement and sustainable use to support the integrated environmental, social, economic and business development in the Maltese Islands. It further seeks to contribute to and participate in ongoing regional development and assist in the nation's efforts to fulfil its international obligations in these spheres.*

This report covers the MRA's annual reporting obligation to the European Commission, in accordance with the requirements of Directive 2009/72/EC concerning common rules for the internal market in electricity, Directive 2005/89/EC concerning measures to safeguard security of electricity supply and infrastructure investment and Directive 2009/73/EC concerning common rules for the internal market in gas.

In view of the fact that there is no natural gas market, the report focuses mainly on the internal electricity market and covers the calendar year 2013.

## **2 Main developments in the Gas and Electricity Markets**

This section provides a summary of the key developments in the electricity market in Malta during the year 2013.

### **2.1 Implementation of Directive 2009/72/EC**

The Electricity Market Regulations (S.L. 423.22) transpose Directive 2009/72/EC and take into account the derogations granted to Malta by virtue of Article 44 of Directive 2009/72/EC from the requirements of the following articles:

Article 9: Unbundling of transmission systems and transmission system operators

Article 26: Unbundling of distribution system operators

Article 32: Third-party access

Article 33: Market opening and reciprocity

The retail of electricity is not open to competition. Enemalta Corporation remains the only licensed supplier of electricity to final customers.

There is no wholesale market for electricity.

All customers of electricity are on a regulated retail tariff and there were no changes in the electricity tariffs in the year under review. In view of the fact that there is only one supplier of electricity it is not possible to implement customer switching.

The Enemalta Corporation performs the function of the distribution system operator (DSO). There are no transmission systems and no transmission system operators in Malta.

The electricity generation market is open to competition and generators may produce for their own consumption and/or sell to Enemalta Corporation.

### **2.2 Infrastructure investments**

#### **Electricity Interconnector Malta-Sicily**

The Authority continued to monitor the progress made by Enemalta Corporation in the implementation of the 200MW HVAC electricity interconnector between Malta and Sicily. Progress was registered with respect to permitting from the Italian Authorities however at the end of the year part of the permits required on the Sicilian side were still pending. During the year 2013 works were undertaken on land in Malta. The laying of the marine cable in Malta towards Sicily started in December 2013.

### **Smart meters roll-out**

The smart metering project being implemented by Enemalta Corporation continued during 2013. The number of smart meters installed by the end of the year was 236296 of which 117383 integrated in the remote billing system. The replacement of the remaining electricity meters with smart meters complete with the remote reading and billing function continues during the year 2014.

## **2.3 Security of supply**

### **Development in generation investments and fuel diversification**

During the year under review there were no additions of fossil fuel generation capacity and the Authority did not receive any applications for authorisation or license for new fossil fuel generation plants. The nominal fossil fuel generation capacity connected to the network remained at 620MW. The highest hourly demand covered by fossil fuel generation during 2013 was 408MW.

By the end of 2013 the total installed generation capacity from renewable energy sources reached 29,257<sup>1</sup>MWp of which 93% were solar photovoltaic installations. The major increase in RES capacity took place in the residential sector driven mainly by the capital grant schemes. The latest PV grant scheme for households was launched in May 2013.

In 2013, the government of Malta agreed to the construction, by private investors, of a new 215MW CCGT power plant using a LNG floating Storage unit (FSU) permanently berthed at Delimara (or from a new pipeline if developed).

During 2013, the gas project proposed by Malta consisting of a floating LNG terminal, connected to Malta and Sicily pipeline was included in the list of Projects of Common European Interest (PCI).

The MRA continued to participate in working group involved in the selection of candidate projects for identification as projects of European common interest (PCI) in the North-South gas interconnections in Western Europe ("NSI West Gas") corridor. The participation of the MRA was in line with its role as the energy regulator in Malta and as required by the energy infrastructure regulation. The input of the MRA in the selection process was mainly related to the natural gas project proposed by Malta as part of the EU PCI. The Authority continued to provide information to ACER on both the electricity interconnector and gas PCI project.

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<sup>1</sup> The figure for the total RES MWp capacity installed is provisional.

## **2.4 Regulation**

### **Network Code**

During 2013 MRA approved a request by Enemalta Corporation for an amendment to the Network Code. The change in the Network Code concerned the steady-state tolerance (upper limit) for the 11kV voltage level which was raised from +2% to +5%. Prior to the approval of the MRA the proposed amendment to the Network Code was subject to public consultation and notification to the EU Commission in accordance with the notification procedure prescribed by Directive 98/34.

## **3 The Electricity Market**

### **3.1 Network Regulation**

#### *3.1.1 Unbundling*

There are no transmission systems or transmission system operators in Malta. All the electricity customers are served through one distribution system operated by Enemalta Corporation the only distribution system operator. In line with Article 44-Derogations, the requirements of Article 9 (Unbundling of the transmission systems and transmission system operator) and Article 26 (Unbundling of distribution system operators) do not apply to Malta.

During the year under review, there were no requests to the Authority for the designation and/or certification of transmission system owners or operators.

#### *3.1.2 Technical functioning*

##### **3.1.2.1 Balancing services**

The balancing between generation and demand is done by Enemalta Corporation as part of its daily generation dispatching operations to meet the demand.

In the absence of large independent producers there is no market for balancing and ancillary services and as such both of these services are provided by the facilities owned by Enemalta Corporation. There are no separate charges to customers for these services.

##### **3.1.2.2 Security and reliability standards**

Enemalta Corporation as the distribution system operator (DSO) is responsible for the operational network security of the distribution system in Malta. In this role, Enemalta Corporation is responsible for the design and setting of the protection system to ensure stability of the system when faults occur in the generation and the distribution systems. The lack of electricity interconnections together with the small size and structure makes the electricity system vulnerable in terms of fault riding capability under certain conditions, in particular when faults lead to loss of generation capacity.

In the distribution system there is currently (n-1) redundancy on all 132kV circuits and on 85% and 95% of the 33kV and 11kV circuits respectively. There is (n-1) redundancy on 67% of the 132kV/33kV transformers, on 79% of the 33kV/11kV transformers and on 50% of the 32kV/11kV transformers. This network reliability status corresponds to the highest system demand peak ever recorded in Malta which occurred in the summer season of 2007 when the demand in July peaked at 434MW.

The investment plans for the reinforcement of the network aim to reach the (n-1) reliability on the entire distribution network. Voltage control and reactive power management is done partly by the control rooms in the power stations where the dispatching takes place and partly by the automatic voltage regulators available on the transformers at the 132kV and 33kV level.

The Network Code provides the technical rules and establishes the minimum technical design and operational requirements for the connection to the system of generating installations, distribution systems, directly connected consumers' equipment, interconnection equipment and direct lines.

### 3.1.2.3 Electricity system performance

The continuity of supply data provided by Enemalta Corporation to the MRA on an annual basis is based on supply interruption data available at substation level down to 11kV. Based on the electricity system interruption data for 2013, the overall minutes lost per customer per year are estimated at 421,09 minutes of which 170,75minutes were lost due to incidents on the generation side.

Table 1: Duration of interruption for an average customer 2010-2013

<b>SAIDI</b>	2010	2011	2012	2013
Planned interruptions(customer minutes lost):	72,6	69	80,4	61,04
Unplanned interruptions(customer minutes lost):	620,6	191	286,2	360,04
Overall (customer minutes lost):	693,2	260	366,6	421,08

### 3.1.2.4 Monitoring of time taken to connect and repair

The MRA monitors the time taken for the Enemalta Corporation to provide new service connections and the time taken to connect RES generators to the grid.

The average time for the provision of a new service connection not requiring a new substation reported by the Enemalta Corporation for the year 2013 is 20,7 days.

The average time taken for the provision of a service connection requiring a substation is 242 days from the date of signature of the contract for the service. The average time for this type of service connection normally includes the time required for the clearance of the planning and trenching permits and civil works related to the substation.

The average time taken for connecting RES generators to the distribution system which includes the provision of the necessary metering equipment reported by Enemalta Corporation for the year 2013 is 16,3 days.



### 3.1.2.5 RES regulatory framework

The Electricity Market Regulations (S.L.423.22) subject to fulfilment of the requirements related to the maintenance of the reliability, safety and stability of the distribution system and based on transparent and non-discriminatory criteria as defined by the MRA, state that the DSO is obliged to

- (a) guarantee the distribution of electricity produced from renewable energy sources wherever technically feasible and with regard to system stability;
- (b) provide for priority access to the distribution system of electricity produced from renewable energy sources;
- (c) give priority to generating installations using renewable energy sources in so far as the secure operation of the national electricity system permits and based on transparent and non-discriminatory criteria.
- (d) ensure that appropriate distribution system and market-related operational measures are taken in order to minimise the curtailment of electricity produced from renewable energy sources.
- (e) report to the regulator if any significant measures are taken to curtail the renewable energy sources in order to guarantee the security of the national electricity system and security of energy supply and indicate corrective measures that will be taken to avoid inappropriate curtailment.

Generators producing electricity from renewable energy sources are not obliged to provide balancing or ancillary services.

### 3.1.3 *Network tariffs for connection and access*

#### 3.1.3.1 Network tariffs

The MRA, as the regulator, has the duty and the authority to fix or approve the methodologies used to calculate or establish the terms and conditions for connection and access to the distribution system. The regulator may also require the DSO to change the tariffs or methodologies used for determining the distribution tariffs to ensure that these are proportional and non discriminatory. The applicable tariffs and methodologies for connection to the distribution system are published in the Electricity Supply Regulations (S.L.423.01).

The network tariff for the use of the electricity network by other generating companies has not been published yet. Presently the existing independent producers consist of small generators producing electricity from renewable energy sources and these are either auto-producers and/or produce to sell to Enemalta Corporation. Furthermore under the derogation granted to Malta

from Article 32 (Third Party Access) of Directive (2009/72/EC) any other local generating company which is connected to the distribution network is obliged to sell all electricity produced and not consumed on site to Enemalta Corporation.

The retail tariff paid by consumers for electricity covers the costs and revenues pertaining to the operation of the distribution network apart from those related to the generation and supply activities. All consumers of electricity are on a regulated tariff which is approved by the MRA.

No changes in the tariffs or the methodologies used to calculate the charges for connection to the network occurred during the year under review.

#### 3.1.3.2 Tariffs for balancing services and access to cross border infrastructure

The MRA is responsible for approving the methodologies used to calculate or establish the terms and conditions for the provision of balancing services and access to cross-border infrastructures including the procedure for the allocation of capacity and congestion management. The MRA has not been required to fix or approve any methodologies or terms and conditions related to the provision of balancing services or access to cross-border infrastructure.

Any party having a complaint on a decision taken by the MRA pursuant to its powers and duties under article 37 of the Directive 2009/72/EC may submit such complaint within two months from the publication of the decision or in the case where a proposal of decision is issued for consultation when such proposal is published for consultation.

#### 3.1.3.3 Prevention of cross-subsidies

The Electricity Market Regulations (S.L.423.22) state that electricity undertakings shall keep in their internal accounting separate accounts for each of their generation, distribution and supply activities as if these activities were being carried out separately in view to avoid discrimination, cross subsidization and distortion of competition. In addition, auditing of the published company accounts of such electricity undertakings have to verify compliance with the requirement to avoid cross subsidization.

Only Enemalta Corporation is licensed to carry out all the three activities of generation, distribution and supply together.

The requirement for the separation of the generation, distribution and supply activities at internal accounts level is reflected in the license granted to Enemalta Corporation for the carrying out of these three activities. The license monitoring reports include the requirement for submission by Enemalta Corporation of separate profit and loss accounts and balance for sheets for each of the three activities.

#### 3.1.4 *Cross-border issues*

As previously stated there are no interconnections with other countries. The MRA continued to monitor the progress being made by Enemalta Corporation in the implementation of the Malta-

Sicily electricity interconnector. The contract for the implementation of the HVAC submarine interconnector between Malta and Sicily was awarded in 2010. During 2013, the works on the interconnector included the following:

- Granting by the Italian Authorities of part of the permits related to the works on the Sicilian side;
- Completion of the trenching works and shore-end drilling on the Maltese side;
- Works on the Maghtab Terminal Station on the Maltese side including installation of switchgear and transformers;
- The commencement of the laying of the submarine cable from Malta to Sicily.

### 3.1.5 *Compliance*

#### 3.1.5.1 Compliance of regulatory authorities with binding decisions of the Agency and the Commission

The MRA is obliged by the Electricity Market Regulations (S.L.423.22) to abide by the decisions issued by Agency for the Cooperation of Energy Regulators (ACER) and the European Commission.

There are no interconnections with other countries therefore there are no cross-border compliance issues to report.

There are no transmission system operators (TSO's) in Malta.

#### 3.1.5.2 Power to carry out investigations and impose measures to promote competition etc.

Article 4(1)(d) of the Malta Resources Authority Act (Cap. 423) provides as one of the functions of the MRA, the obligation to ensure fair competition in all practices, operations and activities. In performing this function the MRA enforces the energy sector specific regulations and in doing so plays an ex-ante role.

In accordance with the Electricity Market Regulations (S.L.423.22), the MRA in carrying out its regulatory tasks is obliged to take all reasonable measures, in close consultation with other national competent authorities, to reach among others the objective of ensuring that customers benefit through the efficient functioning of the national market, promoting effective competition and helping to ensure consumer protection.

The role of the MRA in the promotion of competition in the electricity sector is more of an ex-ante nature.

The national competition authority in Malta is the Office for Competition which is headed by a Director General. This office forms part of the Malta Competition and Consumer Affairs

Authority (MCCAA).<sup>2</sup> Within the Office for Competition, a Directorate has been set up to deal with issues which relate to specific sectors including energy.<sup>3</sup>

The responsibilities of the Office for Competition include the investigation determination and suppression of restrictive practices, the examination and control of concentrations between undertakings in terms of their effect on the structure of competition on the market, and the exercise of the powers conferred upon it under the Competition Act<sup>4</sup> and under the Malta Competition and Consumer Affairs Authority Act<sup>5</sup>. The Director General in the exercise of his responsibilities under competition law acts independently<sup>6</sup>. In doing so, however, the Director General is required to ensure that the policies set by the MCCA Board are implemented and that government policy is put into effect.

The role of the Director General is primarily to deal with ex-post competition issues whereby the Director General either of his own initiative or following an allegation of a breach of the competition rules may investigate and put a stop to restrictive practices. The Director General has the exclusive competence to apply and enforce the provisions of the Competition Act.<sup>7</sup> The two core provisions under the Competition Act relating to the protection of competition in the market are Article 5, (which prohibits any agreement / concerted practice between undertakings and any decision by an association of undertakings which has the object or effect of preventing, restricting or distorting competition in Malta) and Article 9 which prohibits any abuse by one or more undertakings of a dominant position in Malta. Articles 5 and 9 of the Competition Act are modelled on Articles 101 and 102 of the Treaty on the Functioning of the European Union. The Director General may apply Articles 101 and 102 where the said restrictive practices or abusive conduct has an effect on trade<sup>8</sup> between Malta and another Member State/s.

#### 3.1.5.3 Power to ask any information from electricity undertakings

The MRA has the power to ask for any information from electricity undertakings and this is reflected in the Electricity Market Regulations (S.L.423.22) and license conditions.

## 3.2 Promoting competition

### 3.2.1 Wholesale markets

There are no wholesale electricity markets in Malta.

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<sup>2</sup> See Malta Competition and Consumer Affairs Act [Cap. 510 of the Laws of Malta], article 13 et seq. thereof.

<sup>3</sup> Ibid see Fourth Schedule to the Act. The Directorate in question also deals with the Communications, Transport and Financial Services Sectors.

<sup>4</sup> Chapter 379 of the Laws of Malta.

<sup>5</sup> MCCA article 14(1) thereof.

<sup>6</sup> MCCA article 7(3) thereof.

<sup>7</sup> Competition Act article 3 thereof.

<sup>8</sup> Regulation 1/2003 article 5 thereof and CA article 5(5) and 9(4) thereof.

### 3.2.2 *Retail market*

Enemalta Corporation has effectively 100% share of the electricity retail market. The electricity retail market is not open to competition and therefore it is not possible to implement customer switching in Malta.

MRA is responsible for the fixing and approving prior the entry into force at the least the methodologies used to calculate or establish the terms and conditions for the supply of electricity to final consumers. The principles underlying the determination and approval of the retail tariffs are published on the MRA website<sup>9</sup>. All consumers of electricity are on regulated tariffs which are approved by MRA and published on the Enemalta Corporation website and the Authority's website.

There were no changes in the methodologies used to determine the tariffs or the retail tariffs themselves during the year 2013.

#### 3.2.2.1 Monitoring the level of transparency, including compliance with transparency obligations, and the level and effectiveness of the market opening and competition

The electricity retail market is not open to competition.

#### 3.2.2.2 Recommendations on supply prices, investigations and measures to promote effective competition

The MRA is responsible for fixing or approving the methodologies used to calculate or establish the terms and conditions for the supply of electricity to customers. The supply prices are established by law and published on the MRA's website and that of Enemalta Corporation and of Automated Revenue Management Services Ltd (ARMS Ltd). In the event of a review of the electricity tariffs the authority publishes on its website the documents related to the review process.

All consumers of electricity are on regulated retail tariffs which consist mainly of a fixed annual service charge and a kWh tariff structure.

The fixed annual service charge differentiates between a single phase service and a three phase service and also between residential/domestic premises and non-residential premises. In addition, all consumers with a service connection capacity exceeding 60Amps/phase have to pay a maximum demand tariff.

The kWh tariff structure consists of a number of tiers of consumption bands with the corresponding kWh tariff. The kWh tariff structure applicable for the consumption of electricity differentiates between primary residences, domestic premises and non-residential premises.

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<sup>9</sup> MRA website: [www.mra.org.mt](http://www.mra.org.mt)

Household consumers may benefit from a percentage eco reduction on their electricity consumption bill on one registered primary residence as follows:

- households composed of two or more persons may benefit from a two tier eco reduction mechanism provided that the consumption per person does not exceed 1750kWh per annum. A reduction of 25% in the consumption bill is possible if the consumption does not exceed 1000kWh per person for the first tier. The second tier consists of a reduction of 15% in the bill on the next 750 kWh per person/household,
- single person households enjoy a reduction of 25% in their consumption bill if their annual electricity consumption does not exceed the 2000kWh/annum.

The domestic tariffs are applicable for electricity consumed in premises intended for domestic use and which are not registered as a primary residence.

The non-residential tariffs are applicable for electricity consumed in all the other premises which are not registered either as a primary residence or as domestic premises.

Details of the applicable tariffs may be found on the Enemalta Corporation and the MRA websites.

### **3.3 Security of supply**

#### *3.3.1 Monitoring balance of supply and demand*

The MRA is responsible for monitoring the continuity, security and quality of supply. Enemalta Corporation in its function as the Distribution System Operator in Malta is obliged to draw up a report on security of supply prospects and submit it to the Authority. In addition, on a monthly basis Enemalta Corporation provides the Authority with information on generation capacity availability, faults on the generation side, peak demand and electricity generated among other information.

By the end of 2013, the fossil fuel nominal generation capacity of the two power stations owned by Enemalta amounted to 620MW as shown in table 2.

In the absence of a natural gas supply electricity generation from fossil fuels depends on the use of heavy fuel oil and gas oil. During 2013 the fossil fuel generation mix on average consisted of 88% heavy fuel oil and 12% gasoil. The total electricity generated by the two power stations was 2,2TWh which represents a 2,37% decrease in the electricity generated from fossil fuel when compare the 2,268TWh generated in 2012.

Table 2 – Installed nominal fossil fuel capacity per technology as the end of the year 2012

<b>Technology</b>	<b>Installed Nominal Capacity(MW)</b>
Steam Turbine	250
Open Cycle Gas Turbine	111
Combined Cycle Gas Turbine	110
Combined cycle diesel engines	149
Total	620

Source: Enemalta Corporation

The electricity generation capacity from renewable energy sources installed by the end of 2013 was 29, 257MWp and is mainly composed of solar photovoltaic installations as may be seen from table 3.

Table 3- Installed capacity renewable energy as the end of the year 2013

<b>Renewable energy technology</b>	<b>Capacity installed<sup>10</sup></b>
Solar photovoltaic systems	27,26MWp
Micro wind	0,0698MWp
Biogas plants	1,927MWp

Source: MRA and Enemalta Corporation records

The maximum peak demand recorded in the power stations in 2013 was 408MW and this occurred on the 30<sup>th</sup> July 2013 at 12:00 pm however this does not include the demand covered by the generators producing electricity from renewable energy sources. It is estimated that a total capacity of 19MWp of solar photovoltaic installation was connected during the peak however the exact contribution to the demand is not known. The total fossil fuel electricity generation capacity available on the day of peak demand was 587MW.

### 3.3.2 *Expected future demand and available supplies/additional capacity*

The 200MW HVAC interconnection between Malta and Sicily which is currently under construction is expected to be completed by the end of 2014. The remaining steam generation capacity at Marsa Power Station with a nominal capacity of 130MW is due to be shut down by the end of 2015. In addition, it is planned that a total of 120MW steam plant operating on heavy fuel oil at Delimara Power is shut down once the replacement capacity is available.

<sup>10</sup> The figure for the total RES MWp capacity installed is provisional.

A generation plant with a nominal capacity of 215MW consisting of high efficiency CCGT together with the infrastructure required for the provision of natural gas in Malta will be provided by private investors.

There are also plans to convert the 149MW diesel engine plant commissioned in 2012 to natural gas once this fuel is available at the Delimara Power Station.

For an interim period natural gas for electricity generation will be provided by a LNG floating Storage Unit (FSU) permanently berthed at Delimara Power Station with onshore re-gasification unit.

A natural gas pipeline interconnection with Italy is also being considered as a long term solution for the provision of natural gas. The gas PCI project proposed by Malta and approved by the EU Commission consists of a 150 km pipeline connecting Malta to Gela in Sicily and to an offshore Floating Storage and Re-gasification Unit located some 12 miles off Malta connected to Malta and to the natural gas interconnection. The final design of the project will depend on the outcome of the cost-benefit and feasibility study which are currently being carried out.

The above mentioned developments would bring the electricity nominal supply capacity to 770MW by 2015. This capacity does not take into account the de-rating of the generation plant due to high temperatures in the summer season and does not include the generation capacity producing electricity from renewable energy sources. It is not expected that there will be any new fossil fuel generation capacity additions or new interconnectors in the time frame 2015 to 2019.

Malta has an obligation to reach 10% share of renewable energy in the gross energy consumption by 2020 and part of this target is expected to be achieved through electricity generation from renewable energy sources. There are clear indications that the projected solar photovoltaic installation capacity of 28MW by 2020 will be exceeded in 2014. On the other hand, the planned large scale wind farms and waste to energy projects have been delayed. The delays in the large scale wind farms projects are mainly related to environmental issues. These developments led to the need for a revision of the National Renewable Energy Action Plan (NREAP) submitted by Malta in 2009 which is now in an advanced stage.

### *3.3.3 Measures to cover peak demand or shortfalls of suppliers*

There is only one supplier of electricity in Malta.

### *3.3.4 Regulators role in authorisations/licensing of generation capacity*

The Electricity Market Regulations (S.L.423.22) state that no generation plant may be constructed without an authorisation from the MRA. In addition, a license is required to produce electricity for own consumption and/or sell to Enemalta Corporation.

Generators with a capacity not larger than 16Amps/phase producing electricity from renewable energy sources and combined heat and power plants are exempted from the requirement to obtain an authorisation and a license. In the case of these generators only a notification to the



MRA prior to construction is necessary. Generators smaller than 500kVA intended for standby operation are also exempted from the requirement to obtain an authorisation and a license.

During the year under review 147 authorisations to construct with total capacity of 22,685MWp and 90 licenses with total capacity of 4,23MWp were issued by the MRA. The authorisation and licenses concerned solar photovoltaic installations.

## **4 Gas Market**

Presently there is no natural gas supply in Malta and no natural gas market. This situation is expected to change in the medium term with the provision of natural gas for power plants by a floating LNG terminal and in the long term with the construction of a natural gas interconnector between Malta and Sicily as already described in sections 2.2 and 3.3.2.

Both the LNG floating terminal and the natural gas interconnector will be regulated under the Natural Gas Market Regulations (S.L.423.21) which transposes Directive 2009/73/EC and Regulation 715/2009 on conditions for access to the natural gas transmission networks.

## **5 Consumer protection**

### **5.1 Compliance with Annex I of Directive 2009/72/EC**

The Electricity Market Regulations transpose the measures related to customer protection provided in Annex I of Directive 2009/72 and establish the obligation to provide universal service to all household customers by Enemalta Corporation. The Electricity Market Regulations state that the electricity suppliers are to provide information on the energy sources mix and environmental impact to household customers related to the electricity supplied.

In general, the terms and conditions for the electricity supply service are currently implemented through legislative instruments, in particular the Electricity Supply Regulations (S.L.423.01) which specify inter alia the services and maintenance provided, applicable tariffs, and conditions for termination and renewal.

In view of the fact that there is only one supplier the contract of supply is automatically of an indefinite nature. In the absence of an open electricity supply market customer switching is not possible to implement.

#### *5.1.1 Consumer access to consumption data and information*

The bills invoiced to the consumers include contact details of ARMS Ltd which is a subcontractor that carries out meter reading, billing, debt collections, and provides customer relationship services for Enemalta Corporation who is the licensed supplier.

In general, households receive bills calculated on actual consumption at least every six months. In the case of households already provided with a smart meter connected to the Automatic Metering Management (AMM) bills based on actual readings are more frequently. The frequency of actual bills for non-household consumers varies from one month to six months. The bill includes a breakdown of the calculations, total electricity consumption for the period covered by the bill, the average consumption per day, applicable tariffs and CO<sub>2</sub> emissions. The bill also includes the consumption related to the previous year and projections for electricity annual consumption.

Where the consumer is also a producer of electricity the bill includes the number of units generated and exported together with a breakdown of the calculation of the revenue due from the sale of the electricity to Enemalta Corporation. Mainly, the electricity production by consumers concerns solar photovoltaic systems.

Customers have the possibility to register on the ARMS Ltd portal to have access to a detailed breakdown of unpaid bills and history of previous bills and payments.

### 5.1.2 *Bill payment options*

The bill invoiced to customers includes information on the different payment methods available which include the following:

- Direct debit;
- Payment by credit cards;
- Payment by cheque by post;
- Payment in person either postal office sub-branches or at ARMS Ltd offices or local councils office;
- Payment through ATM's.

### 5.1.3 *Consumer complaints settlement*

In practice complaints related to billing are submitted to ARMS Ltd and claims on damages from incidents on the electricity systems and other consumer issues have to be submitted to Enemalta Corporation.

Complaints related to billing and claims on damages from incidents and other consumer issues can also be referred to either the Ombudsman and/or MRA. Both the Ombudsman and MRA perform a mediatory role between the complainant and Enemalta Corporation to assist in the settlement of the issue. The Ombudsman is not empowered to issue binding decisions. On the other hand the MRA is empowered to issue a binding decision on such complaints and in general to act as a dispute settlement authority on matters related to the regulated activities.

In 2013 the MRA received 21 complaints and all complaints were resolved through mediation between the customers and Enemalta Corporation without the need for formal dispute resolution.

The complaints submitted can be categorised as follows: connection charges, quality of supply, metering, billing and tariff application.

Enemalta Corporation is required as part of the conditions of the license to report to the MRA data related to disconnections for non-payment, customer minutes lost and complaints received related to quality of supply, billing, connection to the grid, metering and customer service. The complaints registered by Enemalta Corporation during the year 2013 are shown in table 4 and include complaints from household and non-household customers.

Table 4: Customer complaints by category registered by Enemalta Corporation for 2013<sup>11</sup>

<b>Complaints by category</b>	<b>Number of complaints</b>	<b>Percentage</b>
Quality of supply	11440	22,9%
Connection to grid	1978	4,0%
Metering	2801	5,6%
Tariff	20	0,0%
Billing <sup>12</sup>	33812	67,6%

#### 5.1.4 *Vulnerable consumers*

Vulnerable customers are catered for within the social policy framework. The social policy department has established the criteria whereby certain categories of energy consumers become eligible to receive energy benefits. The energy benefits take the form of vouchers which are used by the consumers to pay part of their electricity and water bills. In certain cases the vouchers cover also part of the Liquid Petroleum Gas (LPG) bills.

The consumers that benefit from energy vouchers include families with low income, persons with a disability, families on social assistance or special unemployment benefit, and persons on an a pension or a carer's pension.

During 2013, the consumer accounts that received energy benefits amounted to 24,416 which account for 10,8% household consumers.

In addition, customers who are unable to pay their bills when they are due are allowed by Enemalta Corporation to pay their bill in instalments so as to avoid disconnection. The total number of disconnections for non payment during the year 2013 was 570 which represent an increase of 16,8% over 2012. This number includes households and non-households consumers.

## 5.2 **Dispute settlement on issues related to the distribution system operator**

Complaints related to the distribution system operator may be referred to the MRA. MRA is obliged to issue a decision within two months from the date that a complaint is lodged. The timeframe for the issue of the decision may be extended with the agreement of the complainant. Before a decision is issued the MRA discusses the complaint with the parties involved who are allowed to make any submissions that they deem necessary.

In general the MRA can act as a dispute settlement authority in relation to issues arising from activities regulated under the MRA Act.

<sup>11</sup> The data excludes faults related to the street lighting

<sup>12</sup> The complaints related to electricity billing may include also complaints related to water billing since the both water and electricity bills are integrated in the same invoice.

Any decision taken by the MRA is binding unless overruled on appeal. An appeal on a decision taken by the MRA can be lodged to the Administrative Review Tribunal.

No binding decisions related to the issues arising from the electricity market were issued by the MRA during 2013.