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Consumer Protection Practices followed by the Energy Regulatory Office



Policy Study



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Institute for Development Policy - INDEP

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Note:

This paper was originally written in Albanian.

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1. Introduction

The Energy Regulatory Office is an independent body, which has the duty to regulate activities in the energy sector in Kosovo, including electricity, district heating and gas, in accordance with the obligations arising from the Energy Community Treaty (This treaty was signed by the European Union and nine partners from Southeast Europe in Athens in October 2005 to establish the legal framework for an integrated energy market).

ERO has the authority to issue licenses and monitor whether these licenses are respected by energy companies, to approve the tariffs for public service activities, to impose obligations for the supply of the population, to resolve disputes, and to draft secondary legislation on the energy sector. ERO is also responsible for creating the regulatory framework which ensures transparent and non-discriminatory functioning of the energy market, based on the principles of the free market. It implements transparent and open criteria for granting licenses to energy enterprises, including the authority to grant, modify, suspend, transfer, withdraw, supervise and control whether the energy enterprises comply with these licenses.

In addition, ERO has powers to define the pricing principles and methods and to then approve tariffs for regulated energy services. This function also includes tariff monitoring, dispute resolution, service quality, and standards for performing these activities. While carrying out its duties and functions, ERO cooperates with energy enterprises and ministries, especially with the Ministry of Economic Development.

The Energy Regulatory Office (ERO) was established in June 2004, with the adoption of the Law on Energy, the Law on Electricity and the Law on the Energy Regulator. ERO's mission is to create a sustainable energy market in Kosovo based on the principles of transparency and free competition, which adds value to both consumers and enterprises.

The Energy Regulator is governed by its Board, which consists of five (5) members, one of whom is elected chair. The Chair and members of the Board are appointed by the Assembly of the Republic of Kosovo. The mandate of each member of the Board is five years, with the possibility of another one-year extension.

The status, duties, mandate and other responsibilities of the Board are regulated with the Law on the Energy Regulator No. 05/L-084. The Work Plan defines the strategic focus of ERO in certain periods, and generally outlines: the mission, mandate, objectives, and organization of ERO; provides an overview of the structure and development perspectives in the energy sector in Kosovo; identifies the challenges that ERO faces in relation to the strategic objectives and factors; it specifies projects and sets out strategies and initiatives for the planned financial period; it defines the resources required for the implementation of planned projects and initiatives; contains detailed financial forecasts for the respective planned periods.

2. ISO10002 standard and complaints

This evaluation system is based on the ISO 10002 Standard on Complaints Handling. ISO 10002 is complaints handling process developed by the International Organization for Standardization (ISO) in 2004. This process is available to organizations of all sizes and all sectors. ISO 10002 certification supports companies with their complaint handling so that the customer is satisfied and their products are innovative.

According to ISO 10002, customer satisfaction is defined as “customer’s perception of the degree to which the customer’s expectations have been fulfilled” while a complaint is an “expression of dissatisfaction made to an organization, related to its product, or the complaints-handling process itself, where a response or resolution is explicitly or implicitly expected”.

The customer complaints evaluation system is done through this system, also known as the “Customer Complaints System Evaluation Matrix (ISO10002)”. This matrix is divided into four sets. Each set contains the part of indicators in a column, followed by explanations and comments, the evaluation key, scores and verification method. These sections help make a complete assessment of the complaints systems used by other Kosovo institutions and organizations.

The first set of this matrix contains the section labeled “Principles”. This section discusses the organization’s commitment to defining and implementing a complaints handling process. The set

continues with the evaluation of the capacity and competencies of these organizations and their transparency in handling these complaints. The process continues to evaluate the complaints handling approach, the clear handling of grievances, charges, integrity of information and confidentiality of clients' personal identification information.

The first set also has the accountability evaluation part. Each organization should establish and maintain a system of accountability for complaints and reporting on decisions and actions related to the handling of complaints. In addition, the set also evaluates the extent to which enhancement of effectiveness and efficiency of the complaints handling process is a priority to the organization, as well as the time scope.

The second set in the matrix includes the section known as the "Complaints Handling Framework". This section addresses the context of the organization, thus identifying and addressing external and internal issues that are relevant to the organization's purpose and that affect its ability to achieve complaints-handling objectives. This goes on to identifying the interested parties, the scope of the complaints-handling process, demonstration of leadership, and establishment of clear for customer-focused complaints-handling policy.

This sections also includes the responsibilities of top management. The management is evaluated under this set, which should be responsible to ensure that the complaints handling process is planned, designed, developed, operated, maintained and continuously improved in accordance with the complaint handling policy of the organization. This management should also be responsible for identifying the distribution of its resources and ensuring that concrete action is taken to rectify a problem, prevent it from occurring in the future, and record the event.

The third set contains the section titled "Operation of complaints-handling process". This set evaluates communication, the receipt of complaints and the follow-up of complaints. This is because such information should be provided in clear language and, so far as is reasonable,

in formats accessible to all, so that no complainants are disadvantaged and the information are effectively handled.

In the context of tracking complaints, a broader assessment is required. Complaints follow-up assessment includes: initial assessment of complaints, investigation of complaints, response to

complaints, communication of the decision, and closure of complaints. These assessments help to inform the clients as accurately as possible in the framework of complaints handling.

The fourth set contains the “Maintenance and improvement system” section. This part assesses the collection of information, analysis and evaluation of the complaints, and satisfaction with the handling of the complaint. The organization should record the performance of its complaints-handling process and should establish and implement procedures for recording complaints and responses and for using these records and managing them, while protecting any personal information and ensuring the confidentiality of complainants.

The fifth set contains monitoring. This section includes auditing and improvement. Through this part of the evaluation, The organization should regularly perform or provide for audits in order to evaluate the performance of the complaints-handling process. In addition to the audit, the organization must continuously improve the effectiveness and efficiency of the complaints handling process. As a result of these evaluations, the organization can continuously improve the quality of its products and services.

3. Customer Complaints System Evaluation Matrix					
		Indicator	Clarification	Assessment key	Score
1	Set 1 - Principles	Commitment	The organization should be actively committed to defining and implementing a complaints-handling process	0-2	2
2		Capacity and Competence	Sufficient resources should be made available for and committed to complaints handling, and should be	0-2	0

			managed effectively and efficiently.		
3		Transparency	The complaints-handling process should be communicated to customers, personnel and other relevant interested parties. Individual complainants should be provided with adequate information about the handling of their complaint.	0-1	1
4		Accessibility	A complaints-handling process should be easily accessible to all complainants. Information should be made available on the details of making and resolving complaints. The complaints-handling process and supporting information should be easy to understand and use. The information should be in clear language. Information and assistance in making a complaint should be made available, in whatever languages or formats that the products and services were offered or	0-2	1

			provided in, including alternative formats, such as large print, Braille, or audiotape, so that no complainants are disadvantaged.		
5		Responsiveness	The organization should address the needs and expectations of customers with respect to complaints handling.	0-2	2
6		Objectivity	Each complaint should be addressed in an equitable, objective and unbiased manner through the complaints-handling process.	0-2	1
7		Charges	Access to the complaints-handling process should be free of charge to the complainant.	0-2	2
8		Information integrity	The organization should ensure that the information about its complaints handling is accurate and not misleading, and that data collected are relevant, correct, complete, meaningful and useful.	0-1	1

9		Confidentiality	Personally identifiable information concerning the complainant should be available where needed, but only for the purposes of addressing the complaint within the organization and should be actively protected from disclosure, unless the customer or complainant expressly consents to its disclosure or disclosure is required by law.	0-1	0
10		Customer-focused approach	The organization should adopt a customer-focused approach with respect to handling complaints and should be open to feedback.	0-1	1
11		Accountability	The organization should establish and maintain accountability for, and reporting on, the decisions and actions with respect to complaints handling.	0-1	0
12		Improvement	Increased effectiveness and efficiency of the complaints-handling process should be a permanent objective of the organization.	0-2	1

13		Timeliness	Complaints should be handled as expeditiously as feasible given the nature of the complaint and of the process used.	0-1	1
Total score for the set				/20	13
14	Set 2 - Complaints Handling Framework	Context	In planning, designing, developing, operating, maintaining and improving the complaints-handling process, the organization should consider its context by:	/	
		14.1	identifying and addressing external and internal issues that are relevant to the organization's purpose and that affect its ability to achieve complaints-handling objectives;	0-1	1
		14.2	identifying the interested parties that are relevant to the complaints-handling process, and addressing the relevant needs and expectations of these interested parties;	0-1	0
		14.3	identifying the scope of the complaints-handling	0-1	1

			<p>process, including its boundaries and applicability, and taking into account the external and internal issues and the needs of interested parties noted above.</p>		
15		<p>Leadership and commitment</p>	<p>Top management should demonstrate leadership in, and the organization should be actively committed to, effective and efficient complaints handling. It is particularly important that the commitment is shown by, and promoted from, the organization's top management.</p>	0-1	1
		<p>Policy</p>	<p>Top management should establish an explicit customer-focused complaints-handling policy. The policy should be made available to, and known by, all personnel. The policy should also be made available to customers and other relevant interested parties. The policy should be supported by procedures and objectives for each</p>	0-1	1

			function and personnel role included in the process.		
16		Responsibility and authority	Top management should be responsible for:	/	
		16.1	Ensuring that the complaints-handling process and objectives are established within the organization;	0-1	1
		16.2	Ensuring that the complaints-handling process is planned, designed, developed, operated, maintained and continually improved in accordance with the complaints-handling policy of the organization;	0-1	1
		16.3	Identifying and allocating the management resources needed for an effective and efficient complaints-handling process;	0-1	0
		16.4	Ensuring the promotion of awareness of the complaints-handling process and the need for a	0-1	0

			customer focus throughout the organization;		
		16.5	Ensuring that information about the complaints-handling process is communicated to customers, complainants, and, where applicable, other parties directly concerned in an easily accessible manner;	0-1	1
		16.6	Appointing a complaints-handling management representative and clearly defining their responsibilities and authority in addition to the responsibilities and authority set out in	0-2	1
		16.7	Ensuring that there is a process for rapid and effective notification to top management of any significant complaints;	0-2	0
		16.8	Periodically reviewing the complaints-handling process to ensure that it is effectively and efficiently maintained and continually improved.	0-2	0

		16.9	Reporting to top management on the complaints-handling process, with recommendations for improvement	0-2	0
		16.10	Ensuring that action is taken to correct a problem, prevent it happening in the future, and that the event is recorded	0-2	0
Total score for the set				/20	8
18	Set 3 - Operation of complaints-handling process	Communication	Information concerning the complaints-handling process, such as brochures, pamphlets or electronic-based information, should be made readily available to customers, complainants and other relevant interested parties. Such information should be provided in clear language and, so far as is reasonable, in formats accessible to all, so that no complainants are disadvantaged.	0-2	0
		Receipt of complaints	Upon reporting of the initial complaint, the complaint should be recorded with	0-3	2

		supporting information and a unique identifier code. The record of the initial complaint should identify the remedy sought by the complainant and any other information necessary for the effective handling of the complaint including		
	Tracking of complaints	The complaint should be tracked from initial receipt through the entire process until the complainant is satisfied or the final decision is made. An up-to-date status should be made available to the complainant upon request and at regular intervals, at least at the time of pre-set deadlines. The complainants should be treated courteously and be kept informed of the progress of their complaint through the complaints handling process.	0-3	1
	18.1	Acknowledgment of complaints - Receipt of each complaint should be acknowledged to the	0-2	1

			complainant immediately (e.g. through post, phone or email).		
		18.2	Initial assessment of complaints - After receipt, each complaint should be initially assessed in terms of criteria such as severity, safety implication, complexity, impact, and the need and possibility of immediate action. Complaints should be addressed promptly in accordance with their urgency. For example, significant health and safety issues should be processed immediately.	0-2	0
		18.3	Investigation of complaints - Every reasonable effort should be made to investigate all the relevant circumstances and information surrounding a complaint. The level of investigation should be commensurate with the seriousness, frequency of occurrence and severity of the complaint.	0-2	1

		<p>18.4</p>	<p>Response to complaints - Following an appropriate investigation, the organization should offer a response (see Annex F), for example, correct the problem and prevent it happening in the future. If the complaint cannot be immediately resolved, then it should be dealt with in a manner intended to lead to its effective resolution as soon as possible (see Annex G regarding escalation).</p>	<p>0-2</p>	<p>2</p>
		<p>18.5</p>	<p>Communicating the decision - The decision or any action taken regarding the complaint, which is relevant to the complainant or to the personnel involved, should be communicated to them as soon as the decision or action is taken.</p>	<p>0-2</p>	<p>2</p>

		18.6	Closing complaints - If the complainant accepts the proposed decision or action, then the decision or action should be carried out and recorded. If the complainant rejects the proposed decision or action, then the complaint should remain open. This should be recorded and the complainant should be informed of alternative forms of internal and external recourse available	0-2	2
Total score for the set				/20	11
	Set 4 - Maintenance and improvement	Collection of information	The organization should record the performance of its complaints-handling process. The organization should establish and implement procedures for recording complaints and responses and for using these records and managing them, while protecting any personal information and ensuring the confidentiality of complainants. Information collected	4	2

			should be relevant, correct, complete, meaningful and useful.		
		Analysis and evaluation of complaints	All complaints should be classified and then analyzed to identify systematic, recurring and single incident problems and trends, to help eliminate the underlying causes of complaints, and to identify opportunities for improvement or changes in processes, products and services offered.	8	5
		Evaluation of the satisfaction with the complaint-handling process	There should be regular action taken to determine the levels of satisfaction of complainants with the complaints-handling process. This can take the form of random surveys of complainants and other techniques.	8	5
Total score for the set				/20	12
	Set 5 - Monitoring	Auditing	The organization should regularly perform or provide for audits in order to evaluate the performance	10	4

			<p>of the complaints-handling process. The audit should provide information on:</p> <ul style="list-style-type: none"> — process conformity to complaints-handling procedures; — process suitability and effectiveness to achieve complaints-handling objectives. 		
		Improvement	<p>The organization should continually improve the effectiveness and efficiency of the complaints handling process. As a result, the organization can continually improve the quality of its products and services. This can be achieved through corrective actions, actions taken in relation to risks and opportunities, and innovative improvements. The organization should take action to eliminate the causes of existing and potential problems leading to complaints in order to prevent recurrence and occurrence, respectively.</p>	10	4

Total score for the set	/20	8
Total score	/100	52

4. Conclusions and recommendations

- 1) The Energy Regulatory Office is an independent regulatory institution that carries out its mandate in accordance with Law No. 05/L-084 on the Energy Regulator; According to this law and the mandate of ERO in general, customer protection is one of the basic responsibilities of ERO. Therefore, ERO has a separate Department for handling complaints.
- 2) In the Complaints Handling Evaluation Matrix, ERO received 52 points out of 100 in total. The large number of complaints that ERO receives and the lack of sufficient human and administrative capacity have led to a number of them being carried over from year to year. Furthermore, ERO is yet to develop an internal institutional memory on complaints that would enable them to categorize complaints more fairly, produce meaningful statistics, and make such changes that respond to complaints and increase the efficiency of services in the energy sector.
- 3) Despite having a separate Complaints Handling Department, its current resources are rather limited at the moment. There are only two officials handling complaints. Budget cuts in budget reviews by the Government have made it impossible to hire additional staff.
- 4) Complaints procedures are free, although parties have costs in terms of sending physical documents, collecting them, etc. Customers are not provided with any additional legal services by ERO in cases where customer complaints are not accepted.
- 5) The Board of ERO, as a decision-making body, and the Complaints Department do not have a communication where the Department proposes changes that would then translate into important decisions in the field of customer protection. This is mainly due to the fact that the board is not always professional and board appointments are political.
- 6) An internal system should be established for the registration, tracking and storage of the history of complaints within ERO. This system would allow officials to have a clearer picture of complaints and allow them to improve and have in place a system for improving performance. There is no such system in the current version and changes to ERO's behavior in terms of the responding to complaints will not happen fast.
- 7) ERO has not undertaken awareness campaigns for citizens and many are not informed about their rights, the work of ERO, and the address for submission of complaints. In future budget

planning, ERO must plan a budget for awareness campaigns and informing customers about their rights. One possibility is to place informational messages on electricity bills.

