



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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# Contents

<b>1</b>	<b>Foreword</b>	<b>3</b>
<b>2</b>	<b>Main developments in the Gas and Electricity Markets</b>	<b>4</b>
2.1	Implementation of Directive 2009/72/EC	4
2.2	Fossil fuel generation capacity	4
2.3	Renewable energy	5
2.4	Electricity Interconnector Malta-Sicily	5
2.5	Fossil fuel diversification	5
2.6	Smart meters	5
<b>3</b>	<b>The Electricity Market</b>	<b>6</b>
3.1	Network Regulation	6
3.1.1	<i>Unbundling</i>	6
3.1.2	<i>Technical functioning</i>	6
3.1.3	<i>Network tariffs for connection and access</i>	8
3.1.4	<i>Cross-border issues</i>	9
3.1.5	<i>Compliance</i>	10
3.2	Promoting competition	11
3.2.1	<i>Wholesale markets</i>	11
3.2.2	<i>Retail market</i>	11
3.3	Security of supply	13
3.3.1	<i>Monitoring balance of supply and demand</i>	13
3.3.2	<i>Expected future demand and available supplies/additional capacity</i>	15
3.3.3	<i>Measures to cover peak demand or shortfalls of suppliers</i>	16
<b>4</b>	<b>Gas Market</b>	<b>17</b>
<b>5</b>	<b>Consumer protection</b>	<b>18</b>
5.1	Compliance with Annex 1 of Directive 2009/72/EC	18
5.1.1	<i>Consumer access to consumption data and information</i>	18
5.1.2	<i>Consumer complaints settlement</i>	19
5.1.3	<i>Vulnerable consumers</i>	19
5.2	Dispute settlement on issues related to the distribution system operator	20

# 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 2012.

This report has to be read in the light of the derogations granted to Malta through Article 44 of Directive 2009/72/EC from the requirements of Articles 9, 26, 32 and 33. These derogations were reflected in the transposition of Directive 2009/72/EC into national law through the Electricity Market Regulations (S.L.423.22) in 2011.

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

This section describes the main developments in the electricity market during the year 2012.

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

The Electricity Market Regulations (S.L. 423.22) have to be seen in the light of the derogations granted to Malta by virtue of Article 44 of Directive 2009/72/EC from the requirements of certain articles of this directive. These derogations concern the following articles, namely:

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 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.

### **2.2 Fossil fuel generation capacity**

Enemalta Corporation remains the main producer of electricity in Malta with the exception of a small contribution from a number of small producers generating electricity from renewable energy sources. In 2012, the total amount of electricity generated from fossil fuel and sent out to the grid from the two power stations owned by Enemalta was 2,145TWh. A new diesel engine combined cycle plant with a nominal capacity of 149MW came into full operation in December 2012. This plant may be operated on heavy fuel Oil and gas oil. In conjunction with the coming into operation of this new plant four 30MW boilers at Marsa Power Station were taken out of service however not decommissioned. These developments brought the fossil fuel nominal generation capacity to 620MW by the end of 2012. The peak demand recorded in 2012 was 429MW when the available generation capacity was 505MW.

### **2.3 Renewable energy**

During 2012, there was a further increase in the generation capacity from renewable energy sources (RES) connected to the grid such that the total RES capacity installed by the end of the year was at 18MW. The increase in RES capacity consisted mainly of solar photovoltaic installations and the largest uptake took place in the residential sector due to the grant scheme that was launched in July 2011. In 2012, a new generator producing electricity from landfill gas was also connected to the grid.

The electricity produced and sent to the grid from renewable energy sources in 2012 is estimated at 0,0201TWh.

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

During 2012, the MRA continued to monitor the progress in the construction of the 200MW electricity interconnector between Malta and Sicily and also continued to liaise with the Italian regulator (AEEG) on the regulatory issues of the interconnector. The completion of this interconnector is now expected to take place by the end of 2014 instead of 2013 as initially planned due to delays in the permitting process on the Italian side. The interconnector Malta-Sicily will enable access to the European electricity market which is expected to benefit the consumers in Malta, provide the necessary supply capacity to shut down completely the Marsa Power Station steam plant in accordance with the Large Combustion Plant Directive and contribute to security of supply.

### **2.5 Fossil fuel diversification**

In 2012, the MRA started 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 project of a floating Liquefied Natural Gas (LNG) terminal that will be connected by natural gas pipelines to Malta and Italy. This project was proposed by Malta as a project of European common interest (PCI).

### **2.6 Smart meters**

The installation of smart meters by Enemalta Corporation continued during the year 2012 with the number of smart meters installed by the end of 2012 reaching 170, 346 accounting for the replacement of around 62% of the existing electricity meters.

## **3 The Electricity Market**

### **3.1 Network Regulation**

#### *3.1.1 Unbundling*

There are no transmission systems or transmission system operators and only one distribution system serving all the electricity consumers in Malta. The function of the distribution system operator (DSO) is carried out by the Enemalta Corporation. By virtue of 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 2012, there was no designation and/or certification of transmission system operators and there were no requests to the MRA for certification from transmission system owners or operators controlled by persons or persons in third countries.

#### *3.1.2 Technical functioning*

##### *3.1.2.1 Balancing services*

Enemalta Corporation is the main producer of electricity and the only supplier of electricity to customers in Malta. The existing independent electricity producers are small and generating electricity from renewable energy sources either for own consumption and/or to sell to Enemalta. In the absence of large independent electricity producers and/or wholesale market the balancing between generation and demand is done by Enemalta Corporation as part of its daily operations to meet the demand. As such there is no separate market for balancing services and no separate charges to customers for such service.

Enemalta Corporation is responsible for dispatching generation plant and for balancing the distribution system. Enemalta Corporation is also responsible for ensuring the availability of any necessary ancillary services, as may be prescribed by the MRA.

##### *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 during the faults that may occur in the system both on the generation and the distribution side. The lack of electricity interconnections coupled with the small size and structure of the electricity system makes it vulnerable in terms of fault riding capability under certain fault conditions, in particular when these 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 peak demand for 2012 was 429MW.

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 of plant 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 Quality of service and supply

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. Based on the supply interruption data for 2012, the overall minutes lost per customer per year are estimated at 366,6 minutes. This represents a slight increase over the previous year when the minutes lost per customer were 260.

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

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

The average time for a new service connection not requiring a new substation or new cable works is 30 days. The time to perform repairs is included in data for unplanned interruptions at down to 11kV level. The average time for the connection of RES generators by the DSO which includes the provision of the necessary meters is 30 days where no upgrade of the existing service connection is necessary.

### 3.1.2.5 RES regulatory framework

The Electricity Market Regulations(S.L.423.22) provide that 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 regulator, 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 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 do not have balancing obligations.

### *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 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. 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.

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 2012.

#### 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) require that electricity undertakings 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 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 stated above 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 2012, the works on the interconnector included the following:

- granting of the permit for the construction of the terminal station on the Maltese side and the necessary tunnels by the local planning authority (MEPA) and commencement of the construction works in June,
- determining the submarine and land route on the Sicilian side after the completion of the necessary surveys.

- manufacturing and testing of part of the land cable,
- completing the engineering design of transformers, shunt reactors, switchgear and protection system related to the interconnector with most of the equipment manufactured.

The authorisation process on the Italian side continued through the year 2012 and was still pending at the end of the year.

### 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 binding 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 such 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 this sector.

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>1</sup> Within the Office for Competition, a Directorate has been set up to deal with issues which relate to specific sectors including energy.<sup>2</sup>

The responsibilities of the Office for Competition include the investigation determination and suppression of restrictive practices, the examination and control of concentrations between

<sup>1</sup> See Malta Competition and Consumer Affairs Act [Cap. 510 of the Laws of Malta], article 13 et seq. thereof.

<sup>2</sup> Ibid see Fourth Schedule to the Act. The Directorate in question also deals with the Communications, Transport and Financial Services Sectors.

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>3</sup> and under the Malta Competition and Consumer Affairs Authority Act<sup>4</sup>. The Director General in the exercise of his responsibilities under competition law acts independently<sup>5</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>6</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>7</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.

### 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 customer switching is not possible in Malta.

The regulator 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

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<sup>3</sup> Chapter 379 of the Laws of Malta.

<sup>4</sup> MCCA article 14(1) thereof.

<sup>5</sup> MCCA article 7(3) thereof.

<sup>6</sup> Competition Act article 3 thereof.

<sup>7</sup> Regulation 1/2003 article 5 thereof and CA article 5(5) and 9(4) thereof.

electricity to final consumers. The principles underlying the determination and approval of the retail tariffs are published on the MRA website<sup>8</sup>. All consumers of electricity are on regulated tariffs which are approved by the regulator and published on the Enemalta website and the Malta Resources Authority website.

There were no changes in the methodologies used to determine the tariffs or the retail tariffs themselves during the year 2012.

- 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 for 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 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 kWh rate and a fixed annual service charge. In addition, 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 electricity tariffs system differentiates between primary residences, domestic premises and non-residential premises.

The tariff structure provides the possibility for households to 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.

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<sup>8</sup> MRA website: [www.mra.org.mt](http://www.mra.org.mt)

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

### 3.3 Security of supply

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

In accordance with the Electricity Market Regulations (S.L. 423.22) that transpose the Directive 2009/72/EC and Directive 2005/89/EC into national law, the MRA has the responsibility to monitor the progress in the security of supply. Enemalta 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 regulator. In addition, on a monthly basis Enemalta provides the regulator information about the generation capacity availability, peak demand and electricity generated among other information.

By the end of 2012, the fossil fuel nominal generation capacity of the two power stations was at 620MW broken down by technology as shown in table 1. The Marsa Power Station accounts for 167MW and the Delimara Power Station for 453MW. The change in the generation capacity is due to the coming into full operation in December 2012 of a new generation plant with a total nominal capacity of 149MW consisting of 8 x diesel engine combined with a steam turbine. In conjunction with the coming into operation of the 149MW generating plant four steam turbines at Marsa Power Station each with a nominal capacity of 30MW were retired however not decommissioned. The actual available generation capacity during the summer months of 2012 was 505MW while for the summer of 2013 the available generation capacity will rise to around 570MW depending on the prevailing ambient temperatures.

Table 1 – 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
<b>Total</b>	<b>620</b>

Source: Enemalta Corporation

The renewable energy capacity installed by the end of 2012 is shown in table 2. As can be seen the installed renewable energy capacity reached 18MWp with the main contributors to this capacity being solar photovoltaic systems.

Table 2- Installed capacity renewable energy as the end of the year 2012

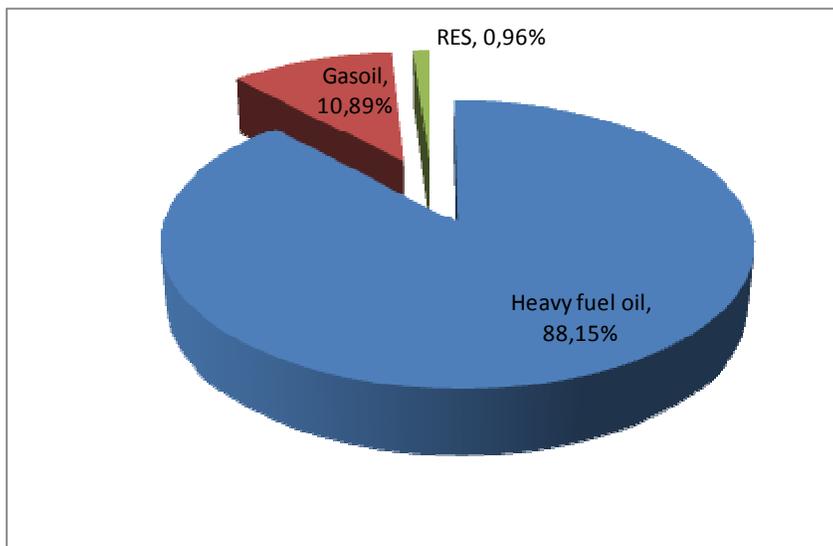
Renewable energy technology	Capacity installed
Solar photovoltaic systems	16MWp
Micro wind	0,075MWp
Biogas plants	1,93MWp

Source: MRA and Enemalta records

The maximum peak demand recorded in the power stations in 2012 was 429MW and this occurred on the 9<sup>th</sup> of August and does not include the demand covered by the generators producing electricity from renewable energy. It is estimated that a total peak capacity of 11MW of solar photovoltaic installation was connected during the peak. The total fossil fuel electricity generation capacity available when the peak demand occurred was 505MW.

The electricity generation mix is shown in figure 1. The total electricity sent out to the grid in 2012 was 2,17TWh and the generation mix was as shown in Figure 1. The amount of units exported to the grid from renewable energy sources in 2012 is estimated.

Figure 1: Electricity generation mix for 2012



Source: Enemalta Corporation

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

In the worst case scenario, the peak demand is expected to increase by 2% from 2012 onwards until 2033. The gross electricity demand is expected to increase by 2% in 2013 and continue to increase at a lower rate of 1% thereafter.

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.

In 2013, government took a policy decision such that as from spring of the year 2015 the base load demand should be procured by Enemalta from an Independent Power Producer with the generation plant located in Malta using natural gas. The generation plant which is expected to consist of high efficiency CCGT and the infrastructure required for the provision of natural gas in Malta will be built and operated by private investors. The same gas infrastructure would also supply the new 149MW diesel engine plant with natural gas once the necessary conversion to enable the use of this fuel takes place. An Expression of Interest was launched in April 2013 and eleven interested parties have been shortlisted. The shortlisted parties will be receiving a request for proposal. The final selection of the private investor and project is expected to occur by the end of September 2013.

The above mentioned expected developments would bring the electricity nominal supply capacity to 770MW by 2015. This capacity does not take into account the derating 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.

The project consisting of a floating LNG terminal to be connected to Malta including a natural gas pipeline to Italy is currently under consideration for identification as a Project of common European Interest (PCI). This proposal was submitted to the European Commission by the Government of Malta in 2012.

Apart from the above, 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. The National Renewable Energy Action Plan (NREAP) submitted by Malta in 2009 projected that by 2017 the electricity generation capacity from renewable energy sources would reach 155MW. This capacity was to be composed of 18% solar photovoltaic installations, 71% wind and 11% waste to energy plants. The wind energy projects consisting of 14,4MW onshore wind farms and 95-100MW offshore wind farms have been delayed due to environmental issues. On the other hand there are clear indications that the projected solar photovoltaic installation capacity of 28MW by 2020 will be exceeded. This is mainly attributed to the decreasing the market prices of solar photovoltaic systems and incentives available including grants for households on the purchase of the technology and feed-in tariffs for the electricity exported to the grid.

In view of the above mention developments in the RES sector the projected contributions of the different RES sources may have to be revised. In this regard a review of the NREAP is currently under way and should be completed by the end of September 2013.

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

Enemalta Corporation being the only supplier of electricity in Malta also acts as a supplier of last resort.

## **4 Gas Market**

There is no natural gas market in Malta.

## **5 Consumer protection**

### **5.1 Compliance with Annex 1 of Directive 2009/72/EC**

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, collections, and provides customer relationship services for Enemalta who is the licensed supplier.

In general, households receive bills calculated on actual consumption every six months. 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 covering average consumption per day, applicable tariffs and CO<sub>2</sub> emissions. The bill also 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 in the case where the consumer is also a producer of electricity. 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.

#### 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;
- Online payment, payment by cheque;
- Payment in person either postal office sub-branches or at ARMS Ltd offices.

### 5.1.2 *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. In the case where the consumer is not satisfied with the solution provided by ARMS Ltd or Enemalta, an out of court settlement mechanism exists in the form of an advisory board that assesses complaints related to the above issues. The request for consideration can be submitted to this Advisory Board using the appropriate form which is downloadable from the Enemalta Corporation website. The Advisory board may consider claims for compensation not exceeding €3,500 and the decisions issued on the complaints are not binding.

Complaints related to billing and claims on damages from incidents on the electricity system and other consumer issues can also be referred to either the Ombudsman and/or the MRA. Both the Ombudsman and the MRA perform a mediatory role between the complainant and Enemalta 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.

Contentious procedures have to be referred to arbitration in terms of the Arbitration Act.

### 5.1.3 *Vulnerable consumers*

Vulnerable customers are catered for within the social policy framework where the criteria whereby certain categories of energy consumers become eligible to receive energy benefits to mitigate the effect of increases in energy bills resulting from the review of electricity tariffs in 2010 was established. The consumers that may benefit from energy benefits include families with low income, persons with a disability and other humanitarian cases and families on social assistance or special unemployment benefit, persons with an age pension or a carer's pension. Households may qualify for an energy benefit if the family's total income is less than (€8,158.81). Households may qualify for the Energy Benefit on humanitarian grounds if it is clear that one of its members suffers from a medical condition that requires an above-average use of water and electricity and the household income is less than (€30,910.80) per annum.

During 2012, 24,142 consumers benefited from energy benefits.

In addition, customers who are unable to pay their bills when they are due are allowed by Enemalta to pay their bill in instalments so as to avoid disconnection. The number of disconnections for non payment during the year 2012 was 488 which is an improvement over the previous year when the disconnections amounted to 846.

The replacement of electricity meters with smart meters is underway. By the end of the year 2012 the number of smart meters installed was 170,346 which are around 62% of the existing electricity meters. The full replacement of the electricity meters with smart meters complete with the remote billing function is expected to be completed by the end of 2014.

The applicable electricity tariffs can be accessed from the Enemalta Corporation's website<sup>9</sup>, ARMS Ltd portal<sup>10</sup> and the MRA's website<sup>11</sup>.

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

Complaints related to the obligations of the distribution system operator may be referred to the MRA who has the duty 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 which they deem necessary with respect to the complaint before a decision is taken. The 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 which replaced the Resources Appeals Board in 2012. The MRA is working on the formalisation of the complaint handling procedures.

No binding decisions related to the issues arising from the electricity market were issued by the MRA during 2012.

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<sup>9</sup> [www.enemalta.com.mt](http://www.enemalta.com.mt)

<sup>10</sup> <https://www.smartutilities.com.mt>

<sup>11</sup> [www.mra.org.mt](http://www.mra.org.mt)