

TECHNICAL PROFILE

APPROVAL OF THE INTEGRATED TEXT OF IMPLEMENTATION RULES FOR THE WATER SOCIAL BONUS FOR HOUSEHOLD USERS UNDER ECONOMIC HARDSHIP

897/2017/R/idr (*)

With Resolution 897/2017/R/idr, the Italian Regulatory Authority for Electricity Gas and Water (AEEGSI) has set out the rules for implementing a water supply cost compensation system for household users living in conditions of economic hardship. The Resolution is consistent with the provisions of the Prime Minister Decree (d.P.C.M.) of 13th October 2016, which introduces a **water social bonus** to be applied based on uniform rules throughout Italy.

After an extensive consultation process (Consultation Documents 470/2017/R/idr and 747/2017/R/idr), the *Integrated Text of implementation rules for the water social bonus for economically disadvantaged domestic users* (hereinafter referred to with the Italian acronym TIBSI), attached to the Resolution, was approved.

Regarding the identification of eligible **beneficiaries of the water social bonus**, the TIBSI ensures the right of water supply - similar to that for electricity and gas - to household users under economic hardship. This means a family with an ISEE (Equivalent Economic Status Indicator) not exceeding Euros 8,107.50, or a family with at least 4 dependent children and an ISEE not exceeding Euros 20,000. This threshold may change as a result of provisions that the Ministry of Economic Development must adopt by February 2018 in compliance with Law 124/2017 (Competition Law).

Regarding **verification of requirements of eligible beneficiaries**, the TIBSI has integrated comments received during the consultation phase to minimise administrative burden for the users and operators concerned and enhance synergies with other regulated sectors, and therefore provides for the following:

- the necessary checks for admitting the applicant to the bonus shall be carried out by Municipalities through SGAtE (Management System of energy tariff subsidies), on behalf of the operator, and the latter shall only remain responsible for contractual checks;
- subsequent examinations shall be carried out - also by means of Technical Groups of operators, their representative associations and the ANCI (National Association of Italian Municipalities) - to identify the most efficient ways of using SGAtE also to transmit the operators the user admission notices and to manage related aspects for determining the bonus start date or renewals and to manage any change in the number of the beneficiary family members and the address for the supply;
- the application for water bonus must be submitted jointly with the electricity and gas ones, appropriately integrated into the same forms.

To quantify the **water social bonus** (B_n^S), the TIBSI recognises the per capita nature of the bonus. In fact, the TIBSI establishes that the amount of the subsidy is calculated by the individual

operator according to the registered number of family members, multiplying it to the essential quantity of water to satisfy safeguarded needs (18.25 m³/person/year at national level, equivalent to as 50 litres/person/day as established by the legislator) and to the same discounted tariff valid also for the remaining residential households, according to criteria set out in the *Integrated text on charges for integrated Water Services* (TICSI, Annex A to Resolution 665/2017/R/idr). Furthermore, local authorities are also authorised to introduce or confirm, if presently envisaged, further protection measures for users in conditions of economic vulnerability, through the granting of a **supplementary water bonus** (B_n^I).

To offset the cost incurred by the domestic beneficiary of the bonus, the TIBSI provides for the following:

- for direct users, two tariff components, b_s and b_i , will be applied per daily quota, to reduce charges related to the variable portion of the water supply network, for application of the water social bonus in the bill, or possibly for its one-off application to any supplementary water bonus;
- for indirect users (whose water supply is registered to a condominium user), granting of the one-off benefit, according to methods autonomously defined by the operator, adopting suitable procedures to ensure traceability of the subsidised amount and identification of the beneficiary.

For the b_i component, established to guarantee application of any supplementary water bonus to the bill, the methods of application shall be identified and approved by the local Governing Bodies (EGA) based on their territorial specificities.

The TIBSI establishes that **the charge arising from granting the bonus** to users under economic hardship must be covered as follows:

- for the water social bonus, nationally with a new UI3 tariff component applied to all users in Italy other than those under economic hardship, as an increase to the usual water supply charge,
- for the supplementary bonus, with a local basis mechanism whose implementation will be defined in provisions updating the tariff.

Finally, detailed identification of specific reporting obligations and subsequent communication to the Regulatory Authority and to local Governing Bodies (EGA) of data and information concerning the application or granting of benefits to disadvantaged users is postponed to subsequent measures.

Implementation of the water social bonus across the entire Italian territory is expected to start **from 1st January 2018**.

Applications may, however, only be submitted **from 1st July 2018**, to allow the completion of certain details and to make the information systems operational, first and foremost the SGAté. For 2018, a one-off compensatory component will be applied for the period between 1st January and the date of admission to the subsidised tariff.

(* This sheet is for disclosure purposes only; it is not a measure.