REPUBLIC OF ARMENIA
HUMAN RIGHTS DEFENDER

AD HOC PUBLIC REPORT

ON THE CONSUMER RIGHTS AND ACTIVITIES OF THE HUMAN RIGHTS DEFENDER IN THE SPHERE OF PUBLIC SERVICE

Yerevan 2019

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INTRODUCTION

At the present time, protection of consumer rights continues to be one of the most significant issues in public relations. Because of that, it is permanently in the focus of the international community and the states.

In the market economy conditions, almost every citizen, being a consumer of goods, works and services, needs protection of his/her rights and, in case of their violation, the right of their restoration.

The state, in its turn, is called up to regulate the field by a relevant legal act with utmost accuracy in order to prevent the violation of the consumers' rights and eliminate their harmful consequences.

For this purpose, numerous legal acts have been adopted all over the world as well as in the Republic of Armenia, which are meant to guarantee the protection of consumers. Mechanisms have also been elaborated for restoration of the violated rights of the consumers.

The positive changes in the protection of consumers' rights in Armenia are conditioned by the activity of both the NGOs as well as competent bodies. The society also begins not to remain indifferent, striving for the protection of its rights and interests.

Nevertheless, according to the experts' opinions, the rights of the consumers in Armenia are still continuing to be subordinate to the rights of entrepreneurs and the lack of appropriate legal awareness among the consumers contributes to this issue. Up to date, the consumers often encounter low-quality services and inappropriate services, which proves that the field of consumers' protection needs constant improvement. The changes should be reflected primarily in the legislative field, however, to regulate the field is not only to enforce the implementation of the law, state-business-consumer cooperation is also required.

Article 31.1 of the Constitution of the Republic of Armenia declares that the state protects the interests of the consumers and implements measures envisaged by law, which are directed to the control of quality of goods, services and works.

Article 4 of the Law "On the Public Services Regulatory Authority" of RA of December 25, 2003 defines that the regulation in the public service field is a part of the state policy aimed at balancing the interests of the consumers and the persons carrying out regulating activities in the field of public services by the regulatory body through the implementation of their rights and responsibilities defined by the laws, creating equal activity terms for the regulated persons, contributing to the formation and development of competitive markets and promoting the efficient use of resources.

Article 2 of the Constitutional Law "On the Human Rights Defender" of RA of December 16, 2016 defines that the Defender is an independent official who monitors the observation of the human rights and freedoms by the state and local government bodies and officials and, in cases prescribed by the same law, also by the organizations. The Defender also contributes to the restoration of the violated rights and freedoms and the improvement of the normative legal acts related to the rights and freedoms.

According to Article 15 of the Constitutional Law, in case of a complaint or at his own initiative, the Defender addresses:

1) the violations of the human rights and freedoms by the state and local self-government bodies and officials, as well as by the organizations implementing the delegated authorities of the state and local self-government bodies, stipulated by the Constitution and the laws;

2) the issues on the violation of the human rights and freedoms by the organizations functioning in the public service field, if there is information on mass violations of the human rights or freedoms, or it is of a public significance or is connected with the necessity to protect the interests of such persons who cannot use the legal measures of protection of their rights and freedoms on their own.

The necessity of drafting this Human Rights Defender AD HOC Report is conditioned by the written and oral complaints of the consumers in the fields related to the regulated public services in the Republic of Armenia.

The tasks and objectives of this report are devoted to the protection of the rights of consumers. Ensuring the balance of interests is to reveal the imperfections, contradictory judgments, shortcomings and omissions in the international and domestic legal documents (legal regulations), drafts acting in the regulated field of the public service existent during their application related to the protection of the rights of consumers and ensuring the balance of interests, as well as introduce suggestions for their solution which is to be directed to the creation of real guarantees for the full ensuring of the rights of the consumers and the balance of interests.

CHAPTER 1. THE LEGISLATION OF RA AND THE INTERNATIONAL EXPERIENCE RELATED TO THE PROTECTION OF THE RIGHTS AND INTERESTS OF THE CONSUMERS IN THE FIELD OF PUBLIC SERVICES

1. The Legislation of RA and the legislative initiatives related to the protection of the rights and interests of the consumers in the field of public services

The relations in the field of the public services are regulated by:

- The Constitution of the Republic of Armenia;
- The Civil Code of the Republic of Armenia (adopted by the National Assembly of the RA on May 5, 1998);
- The Water Code of the Republic of Armenia (adopted by the National Assembly of the RA on June 4, 2002);
- The Law "On Energetics" of RA of March 7, 2001;
- The Law "On Protection of the Rights of Consumers" of RA of June 26, 2001;
- The Law "On the Public Services Regulatory Body" of RA of December 25, 2003;
- The Law "On Postal Service" of RA of December 14, 2004;
- The Law "On Electronic Communications" of RA of July 8, 2005;
- The Law "On Railway Transport" of RA of November 28, 2007;
- The Law "On Establishment and Revision of the Tariffs of Rendering Services for Mandatory Technical Inspection of Means of Transport by Means of Technical Diagnostics" of RA of December 18, 2007;
- Other legal acts.

Article 31.1 of **the Constitution of the Republic of Armenia** defines that the state protects the interests of the consumers and carries out measures envisaged by law directed to the control of quality of goods, services and works.

The Law "On Protection of the Rights of Consumers" of RA regulates the relations between the consumers and manufacturers (performers, sellers) during the sale of goods (carrying out the works, rendering the services), establishes the rights of consumers to purchase goods (works, services) of proper quality and safe for the life and health of the consumers, obtain information on goods (works, services) and their manufacturers (performers, sellers), the state and public protection of the interests of the consumers, as well as defines the mechanism for the realization of those rights.

Article 1 of the same Law clarifies the following terms:

Consumer: a citizen having intention to order or purchase goods (works, services) foreseen exclusively for personal, family, home or other use, not related to entrepreneurial activities;

- indefinite range of consumers: potential consumer of product (work, service);
- manufacturer: a legal entity or an individual entrepreneur producing goods for sale;
- performer: a legal entity or an individual entrepreneur carrying out work or rendering service for consumers under contract;
- seller: a legal entity or an individual entrepreneur selling goods to consumers under a purchase and sale contract;
- defect of the goods (work, service): the discrepancy of the goods (work, service) to the normative documents, terms of the contract or the requirements usually presented to the quality of the goods (work, service);

- essential substandard quality of the goods (work, service): substantial violations of the quality requirements of the goods (work, service) (unrecoverable, as well as violations which cannot be eliminated without disproportionate expenses or loss of time or which continually or repeatedly emerge after their elimination and other violations of similar nature), in the cases of which the consumer has the right to refuse to perform the contract by his choice and demand the return of the amount paid for the goods (work, service) or demand the replacement of the improper goods (work, service) with the goods with quality corresponding to the contracted terms (work, service).

Article 4 of the Law defines the right of the consumers to awareness, which is ensured by including the relevant requirements in the organizational-methodical and general technical and normative documents and in general educational and professional programs, as well as through the arrangement of information systems on the rights of the consumers and the necessary actions for the protection of those rights.

According to Article 5 of the Law, the seller (performer) is obligated to deliver goods (carry out work, render a service) to the consumer in quality that corresponds to the contract's terms. In case of absence of the terms on the goods' (work, service) quality, the seller (performer) is obligated to deliver to the consumer goods (carry out work, render a service) which are suitable for the objectives for which such goods (work, service) are usually used. If mandatory requirements on the quality of goods (work, service) are established by regulatory documents, the seller (performer) is obligated to deliver to the consumer goods (carry out work, render a service) corresponding to those mandatory requirements (carry out work, render a service).

Article 8 of the Law envisages that the consumer has the right to demand that the goods (work, service) are safe for his life, health and property in the normal conditions of use, storage, transportation and utilization. If special rules are required to be observed for the safe use of the goods (work, service), its storage, transportation, utilization, then the manufacturer (performer) is obligated to indicate them in the documents belonging to the goods (work, service), on the label by marking or in other way. The seller (performer) is also obligated to inform the consumer about those rules. The requirements ensuring the life, health and property security of the consumer are subject to mandatory certifying of the compliance with the procedure established by the legislation of the Republic of Armenia. If it is established that the goods (work) cause or can cause harm to the life, health and property of the consumer while observing the defined rules of use, storage or transportation of goods (work), then the manufacturer (the performer, the seller) is obligated to immediately terminate its production (sale) till the elimination of the cause of harm. If necessary, the manufacturer must take measures for the withdrawal of the goods from circulation and for taking them back from the consumer with his consent. The seller (performer) bears responsibility for the sale (carrying out work) of goods posing risk to the life, health and property of the consumers, in accordance with the procedure established by the legislation of the Republic of Armenia.

According to Article 14 of the Law, the seller (manufacturer, performer) bears responsibility prescribed by the law and (or) the contract for the violation of the rights of the consumers. The damages caused to the consumer are subject to full compensation, apart from the forfeit (penalty) prescribed by the same law or contract. The seller (manufacturer, performer) is absolved of the responsibilities for non-performance or improper performance of the obligations if he proves that the performance of the obligations or the proper performance of the obligations was impossible due to force majeure or the violation of the established rules of use, storage and transportation of goods (work, service) by the consumer or the actions of third parties. The consumer has the right to bring to court the dispute arising from the contract or connected with it if such a contract is concluded with him without offering a reasonable opportunity to the consumer to negotiate its terms, except if the arbitration agreement is concluded after the dispute

arises and the parties unconditionally agreed to bring the dispute to the arbitral tribunal solution. The same requirements are applied to any mandatory procedure by which the right of the consumer to appeal to the court can be restricted.

Article 15 of the Law defines that the damage caused to the life or health of the consumer in a result of structural, manufacturing, componential or other defects of the goods (work, service) is subject to compensation in accordance with the procedure established by the Civil Code of the Republic of Armenia. The damage caused to property is subject to compensation in accordance with the procedure established by the same law. The right of claim of damages caused by the defects of the goods (work, service) is granted to any aggrieved person, irrespective of the fact whether he is in contractual relations with the seller (performer) or not.

The Civil Code of the Republic of Armenia defines the legal status of the party to a civil transaction, the basis for the origin and the procedure for the implementation of the right of ownership and other property rights, the exclusive rights on the results of the intellectual activities (intellectual property), regulate contractual and other obligations, as well as other property and related to them personal non-property relations.

The Civil legislation and other legal acts regulate the relations between the persons conducting entrepreneurial activities or with their participation.

Article 442 of the Code envisages that a standard form contract is a contract concluded by a commercial organization defining its obligations to sell goods, perform works or render services which that organization, by the nature of its activities, should carry out in respect of everyone who applies to him (retail trade, transportation by public transport, communication services, energy supply, medical, hotel services, etc.). The price of goods, works and services, as well as other terms of a standard form contract, are established identically for all the consumers. The commercial organization cannot refuse to conclude a standard form contract in case of possibility of provision of goods to the consumer, performing works for him and rendering services to him.

Articles 550-560 of the Code regulating the legal relations emerging in the area of the energy supply envisage that under the Energy Supply Contract, the energy supplying organization is obligated to supply the consumer with energy through the net connection, and the consumer is obligated to pay for the received energy as well as to observe the use conditions envisaged by the contract, to ensure the safety of the energy nets being at his disposal and the intactness of the energy-consuming devices and the equipment used by him. The energy supply contract is concluded in writing. It is signed with the consumer in case of the availability with the latter of a power receiver meeting the established technical requirements and other necessary equipment connected to the power supply organization's lines, as well as in case of the provision of recording of the energy consumption. In case when a citizen using the energy for the household consumption acts as a consumer under the energy supply contract, the contract is considered to be concluded from the moment of the first actual connection of the consumer to the connected net in accordance with the established procedure. The energy supplying organization is obligated to provide the consumer with the amount of energy foreseen by the energy supply contract through the connected net with the observation of the agreed rendering mode between him and the consumer. The amount of energy supplied by the energy supplying organization and the energy used by the consumer is determined in accordance with its actual consumption calculation data. The quality of the supplied energy of the energy supplying organization should comply with the requirements prescribed by the state standards and other mandatory rules or under the energy supply contract. The consumer is obligated to ensure the proper technical condition and safety of the operating energy networks, devices and equipment, observe the mode established for the power consumption, as well as inform immediately the energy supplying organization on damages, fires, disrepairs of the power metering devices and other violations occurred during the use of the energy. In the case of a citizen using the energy for the household consumption acts as a consumer under the energy supply contract, the energy suppling organization is entrusted with

the obligation of ensuring the proper technical condition and safety of the power networks as well as the energy meters unless otherwise is envisaged by law or other legal acts. The consumer pays for the actual received amount of energy in accordance with the energy calculation data, unless otherwise is envisaged by law, other legal acts or agreement of the parties. In the case of a citizen using the energy for the household consumption acts as a consumer under the energy supply contract, he has the right to unilaterally terminate the contract on condition of notifying the energy supplying organization about it and fully paying for the used energy. The cutting off, restriction or termination of the energy supply is permitted only with the consent of the parties, except for cases when the improper condition of the energy equipment of the consumer certified by the State Energy Control Agency, impends to cause damages or creates a threat to the lives and safety of the citizens. The energy supplying organization is obligated to warn the consumer about the cutting off, restriction or termination of the energy supply. Cutting off, restriction or termination of energy supply without the consent of the consumer and just warning him is permitted only in case of necessity to take immediate measures to eliminate or prevent damages in the system of the energy supplying organization, on condition of the immediate notification of the consumer about it. In case of non-performance or improper performance of the obligations under the energy supply contract, the breaching Party is obligated to compensate the other party for the actual harm committed (Part 2 of Article 17). If there is an energy cutting off in the supply of energy to the consumer in the result of the regulation of the energy use conditions carried out on the basis of law or other legal acts, the energy supplying organization, in case of fault, is responsible for non-performance or improper performance of the contractual obligations.

Article 1091 of the Code establishes that the seller or the manufacturer of the goods, the work performer or the service provider is exempted from liability if he proves that the damage has occurred due to force majeure or in result of the violation of the established rules of the use of the goods, works, services or their storage by the consumer.

Article 2 of **the Law "On the Public Services Regulatory Authority" of RA** establishes that the regulated field of the public services (hereinafter referred to as the public service field) includes:

a) energy area, which includes electrical energy industry, heat supply and gas supply systems;

b) the water industry;

c) the telecommunication field (electronic communications);

d) the postal communications field;

e) the railway transport field, in terms of the assessment methodology of payments for use of infrastructure, conducting payments for use and confirmation of the payment for use;

f) the field of the mandatory technical inspection of vehicles, only in terms of tariffs.

Article 4 of the Law "On the Public Services Regulatory Authority" of RA of December 25, 2003 defines that the regulation in the public service field is part of the state policy aimed at balancing the interests of the consumers and the persons carrying out regulated activities in the field of the public services by the regulatory body through the implementation of their rights and responsibilities defined by the laws, creating equal activity terms for the regulated persons, contributing to the formation and development of competitive markets and promoting the efficient use of resources.

The main principles of regulation in the field of public services (Article 5 of the Law) are:

a) implementation of regulation by an autonomous state body within the powers established by law;

b) collegiality and independence of the decision-making regulatory body;

c) provision of the regulation transparency for the public;

d) exclusion of discrimination against the consumers or any regulated person;

e) balancing the interests of the consumers and the regulated persons through the formation of the necessary legal and economic prerequisites and the establishment of reasonable tariffs for the services to guarantee the rendering of quality services to the consumers, simultaneously ensuring an opportunity for the investors to get rational profit equivalent to the risks;

f) restriction of the regulatory frameworks parallel to the development of the competitive markets, as well as the introduction of regulation in the case of non-competitive markets in the field of public services;

g) reduction of the market access barriers in the field of public services and ensuring the observation of the accessibility rules of the services (sold goods) rendered by the regulated persons;

h) targeted regulation;

i) compliance of the tariffs established by the Commission with the quality of the rendered services (sold goods).

According to Article 6 of the same Law, the regulation in the field of public services is carried out by the Public Services Regulatory Commission of the Republic of Armenia, which is an autonomous body.

The Law "On Energetics" of RA regulates the interrelations between the persons carrying out activities in the energy area of the state bodies of the Republic of Armenia and the consumers of electric, thermal energy and natural gas.

In accordance with Article 3 of the Law, the energy area is a complex of structures rendering public services in the energy market in production of electric and thermal power, delivery (transmission) of electric, thermal power and natural gas, distribution and supply, implementation of services of the electric power and natural gas operator systems, services of the electric power market operator, the wholesale trade of electrical energy (capacity), the economic entities involved in the import and export of electrical energy and natural gas activities (irrespective of the form of ownership), necessary property for the implementation of those activities.

The component parts of the energy area are:

a) the electric power system;

b) the heat supply systems;

c) the gas supply system.

Article 5 of the Law establishes that one of the main principles of the state policy in the area of energetics is ensuring the protection of the rights of consumers and the economic entities of the area of energetics and the balancing of the interests.

According to Part 27 of Article 4 of the Law "On Energetics", the term "consumer" is defined as a person in demand of electricity (capacity), natural gas and (or) thermal energy, who concludes an energy supply contract with the holder of a supply license (including a guaranteed supplier) or is in that process.

Part 25 of the same Article also differentiates the term "a qualified consumer" which defines a consumer recognized as qualified by the electricity market operator based on the compliance with the criteria established by the market rules, approved by the Commission on the basis of his own application, as well as a group of persons of "vulnerable consumers" by which those consumers are meant for whom the Public Services Regulatory Commission of RA establishes special tariffs and conditions for energy and natural gas supply.

Part 1 of Article 5 of the Law "On Energetics" of RA, defines the basic principles of the state policy in the area of energy, which, according to Part 2 of the same Article, are the key initial leading criteria (requirements), as well as specific guarantees for the state administration and the regulatory bodies in the area of energy of the Republic of Armenia while carrying out the state policy within the frames of their powers. Among other things, the below mentioned provisions concerning the rights and interests of the consumers are also defined there.

“d) ensuring the protection of the rights of consumers and economic entities in the area of energy and the balancing of the interests;

jc) protection of the interests of the vulnerable consumers”.

Within the framework of the same issue article 8 of the Law “On Energetics” of RA, defines that the regulation of the energy area is a part of the state policy aimed at balancing the interests of the consumers and the license holders by exercising powers entrusted to the Commission, creating equal terms of activities for the license holders and contributing to the formation and development of a competitive market by guaranteeing the rights of the consumers.

The specific criteria (requirements) and guarantees directed to the protection of the rights of the consumers and ensuring the balance of interests are the processes characterizing “confidentiality” defined in Article 20 of the Law “On Energetics”, alongside with which, among other guarantees, the following legal regulations are defined:

“4. The license holder is obligated to consider and keep confidentiality of the information on the type, location, purpose, quantity and technical conditions of the services used by the consumers, payment for the services, debts, customs or obligations of payments or information on performing the payments.

5. The license holders are authorized to disclose the information referred to in Part 4 of this Article:

a) in cases and in accordance with the procedure prescribed by law, in the case of uncovering of crime, in view of criminal prosecution or threat to national security;

b) upon request of the Commission, within the frameworks of exercising powers entrusted to the Commission;

c) if the disclosure is required to protect the license holder (there are proceedings against that license holder). The consumer can demand that the disclosure is made in the manner of confidentiality through the closed-door proceedings;

d) to the credit bureaus envisaged by the Law “On the Circulation of the Credit Information and the Activities of Credit Bureaus” of the Republic of Armenia in accordance with the procedure and within the limits prescribed by that Law”.

A number of obligations entrusted to the license holders for the production, supply, operation, distribution and other licenses in the area of energy, as well as a series of rights entrusted to the consumers could be also considered in the context of the criteria (requirements) and guarantees directed to the protection of the rights of the consumers and ensuring the balance of interests.

Particularly, Part 7 of Article 22 of the Law “On Energetics” of RA defines the following:

“The license holder can apply a lower tariff than the one established by the Commission, on condition that it does not endanger or will not endanger the licensed activity. In case if the guaranteed supplier applies a lower tariff, it is subject to be applied to all consumers of the particular consumer group”.

Part 1.1 of Article 35 defines the following:

“The electricity generation license holders are obligated to sell the electric energy to the guaranteed supplier, other suppliers and qualified consumers as per tariffs established by the Commission, in accordance with the cases and procedures defined by the market rules”.

Part 3 of Article 37 defines the following:

“3. While regulating the electricity generation license holders, the electric power system operator takes all the necessary measures to generate and transmit electric energy (power) to the consumers with minimum expenses, taking into account the purchase guarantees of the electric energy given to the producers”., and so on.

Part 1 of Article 38.2 defines the following:

“The license holder of the electricity guaranteed supplier is granted the right and assumes obligations to render service on power supply to all customers who do not use the service of

another supplier, or they are not provided with power by electric energy supplier chosen due to reasons beyond the control of the consumer".

Article 39.5 defines the following:

"1. The electrical power retail market includes the supply of electricity to the consumers (except for the qualified consumers) by the suppliers and (or) the guaranteed supplier in accordance with the rules established by the Commission.

2. The consumer is granted the right to choose a supplier, at his discretion, and replace the latter in accordance with the market rules".

Parts 3, 6, 8, 11 of Article 42 define the following:

"The commitment of an act, established by Part 2 of this Article, by a holder of a license for the activities in the energy area, except for the persons defined by Part 7 of this Article, in the result of which … it has directly led to the violation of the rights of a group of consumers or legitimate interests ... entails penalty …".

Finally, Chapter 9 entitled "The Consumer Guarantees for the Electricity Supply" of the Law "On Energetics" of RA establishes organizational and legal guarantees for the consumers (including vulnerable consumers) in terms of energy supply and ensuring its continuity, provision of conditions of priority service for energy transmission and energy supply, restrictions of energy supply, connecting a new or reconstructed consumption system or station to the energy or natural gas transmission or distribution networks under non-discriminatory terms, the reimbursement of transportation costs for power stations, and others issues.

The Public Services Regulatory Commission of RA has approved **"The Rules for the Natural Gas Supply and Use"** by Decree No 95-N of July 8, 2005 and **"The Rules for Electricity Supply and Use"** by Decree No 358-N of December 27, 2006.

The objective of **the Water Code of the Republic of Armenia** is to conserve the national water resources, ensure legal basis for the solution of problems related to satisfaction of requirements of the citizens and the economy, to ensuring the ecological sustainability of the environment, as well as problems of the same Code (Article 6) through the effective management of the utilizable water resources,

Article 7 of the Code establishes that the elaboration of appropriate mechanisms of water resources management, prevention of harmful effects of water, ensuring the water resources accounting, providing the population and economy with the water of quantity and quality required as per tariffs regulated, safe and failure-free operation of water supply and water drainage systems and ensuring the normal conditions for their use and maintenance and exercising the supervision are also among the problems of the Code.

Article 5 of the Code establishes the basic principles of the management, use and conservation of water resources and water systems in the Republic of Armenia, which include water consumption regulation through water use permits, the management and regulation of water supply systems, the promotion of equitable principles of accessibility of the water resources utilized, the promotion of efficient consumption of water resources for the society benefit, the establishment of water tariffs to ensure the accessibility for the consumer to water of minimum sufficient quantity and the quality required on the basis of the reduced value of water scarcity as well as the recognition of significance of public participation and awareness in the process of water management and conservation.

In accordance with Article 14 of the Code, the Regulatory Commission is authorized to:

1) establish tariffs for rendering the services on water supply, wastewater disposal (sewage disposal) and methodologies of their assessment (elaboration);

2) issue license in the field of rendering services on water supply or wastewater disposal (sewage disposal) according to this Code in compliance with the licensing procedure approved;

3) exercise control over implementation of the terms of the license issued by it in the field of rendering services on water supply, wastewater disposal (sewage disposal), conduct monitoring of activities of the license holders and apply the penalties defined by this Code;

4) establish the rules for rendering services on drinking water supply and wastewater disposal (sewage disposal);

5) establish the exemplary forms or mandatory terms of contracts to be concluded between the license holders and the consumers to render services on drinking water supply and wastewater disposal (sewage disposal);

6) in accordance with the procedure established, arrange discussions on statements of questions, complaints addressed to the Regulatory Commission and make decisions as a result of the discussion;

7) set up accounts and sub-accounts for the license holders corresponding to the laws and other legal acts of the Republic of Armenia to submit the reports on the regulation;

8) define the minimum requirements for the quality of the services (to the service level) rendered to consumers;

9) ensure the application of its decisions, control over the implementation and comments.

Article 79^1 of the Code envisages that validity period of the tariffs cannot be less than one year, except the case when in the result of appeal in the courts against the sizes of the tariffs established, the Regulatory Commission makes a new decision on the establishment of the tariff, on the basis of the judgment of the court. The established tariff can be revised both at the initiative of the license holder as well as the Regulatory Commission. At its own initiative, the Regulatory Commission can revise the tariff and establish a new one in accordance with its procedure established, based on the results of the economic activity of the license holder, the implementation of the requirements for the investment programs and the quality of services rendered to consumers.

The Public Services Regulatory Commission of RA has approved **"The Rules for Rendering the Services on Drinking Water Supply and Wastewater Disposal (Sewage Disposal)"** by Decree No 378-N of November 30, 2016.

The Law "On Electronic Communications" of RA defines the rights, obligations and responsibilities of the end-users, network operators of public electronic communications, service providers of public electronic communications, network operators of private electronic communications and state bodies in relation to the regulation in the field of electronic communications, as well as creation, development, exploitation of electronic communications networks and rendering electronic communications services, as well as state control and supervision over the allocation and use of limited resources such as radio frequencies, satellite orbit segments and numbers (Article 3).

According to Article 1 of the Law, one of the main objectives of the Law is to ensure accessibility of electronic communications services throughout the entire territory of the Republic of Armenia, protect the interests of users of electronic communications services, network operators of electronic communications and service providers of electronic communications under conditions of free market economy.

Article 2 of the Law clarifies a number of terms, such as:

- electronic communications service: a service which, as a rule, is rendered for remuneration, and wholly or partly consists of signal transmission through electronic communications networks, and, when appropriate, from the directivity of signals but does not include services providing or exercising editorial control over the content transmitted through the electronic communications networks;

- customer or subscriber: any person who uses public electronic communications services or applies for their use. This notion is not applied to persons who offer or render telecommunications services;
- end-user: any person who uses public electronic communications services, but does not offer such to third parties;
- service provider: any person authorized by the Regulator or having submitted a notification to the Regulator in accordance with the same Law offering public electronic communications services.

Article 5 of the same Law fixes a number of functions of the Regulator, such as to:

1) ensure competition in public electronic communications services and networks in the following ways:

a) by ensuring the best use of the services rendered, their adjacent infrastructures, tariffs and quality for the end-users;

b) by excluding any distortion of competition in the field of rendering electronic communications services and networks;

c) by encouraging efficient investments in the infrastructures and promoting innovation;

d) by encouraging the effective use of radio frequencies spectrum, satellite orbital segments and numerical resources, ensuring their effective management.

2) regulate public electronic communications networks and services in accordance with the same Law, insurance of which requires to:

a) classify services and (or) infrastructures;

b) establish criteria and procedures to apply for permits of network licenses, occupation of numbers and codes, frequency use, their issuance, modification, suspension and termination;

c) establish the obligations of rendering the universal services;

d) carry out inspections and audits at its own initiative or at the request of the beneficiary parties to guarantee the implementation of the requirements of the legislation, legal acts adopted by the Regulator and the license;

e) ensure fair and effective competition in the field of competitive services and networks;

f) elaborate procedures regulating the interconnection of public electronic communications networks;

g) establish and apply rules regulating the rates;

h) establish certain criteria for the activities quality of network operators of public electronic communications and service providers;

i) offer technical criteria to the competent body in the field of public electronic communications;

j) establish accounting standards and reporting requirements for network operators of public electronic communications and service providers;

jg) ensure that the end-users make the most of the leased lines offered by the operators and service providers on equal basis;

jh) solve disputes between the dominant operator and any other operator, the service provider and end-user, as well as between the dominant in the service provision and end-user and so on.

Chapter 9 of the Law states the basic provisions on the protection of consumer rights, including the obligation of the operator to provide uninterrupted service without discrimination (Article 43 of the Law), and Article 55 states that the end-users have the following rights:

1) to make use of public electronic communications services on equal basis;

2) to receive invoices containing detailed information on payments for their services rendered;

3) to refuse to pay for the services not specified in the service tariff or service rendering contract;

4) the right to confidentiality of electronic communications;

5) any other right envisaged by the laws of the Republic of Armenia and the same Law.

The Law "On Postal Communications" (Article 1) of the RA defines the legal basis of the activity implementation in the field of postal communications within the territory of the Republic of Armenia, the authorizations of the state governmental bodies directed to the regulation of the postal communications activity, as well as the rights and obligations of the physical and legal persons participating in the postal communications activity or using postal communications and courier services.

According to Article 4 of the Law, the principles of the postal communications activity in the Republic of Armenia are:

a) ensuring the freedom and confidentiality of postal or courier communications;

b) accessibility of using the universal services of the postal communications;

c) freedom of transit of postal items;

d) rights equality of the users of postal or courier communications services;

e) ensuring the manageability and reliability of postal communications.

The users of postal or courier communications services have equal rights in using the postal or courier communications services, they have the right to receive available information on postal or courier communications services to be rendered, tariffs of postal or courier communications services, delivery deadline of postal items, items and materials forbidden for the delivery, validity period of the license for rendering the postal or courier communications services (Article 5).

Article 6 of the Law envisages that among other obligations, the postal and (or) courier communications operator and the national operator are obligated to ensure the quality of the postal or courier communications services in accordance with the criteria established by the normative documents regulating the postal or courier communications activity, as well as its compliance with the terms of the contract and information on the terms of rendering the given services, ensure available information on tariffs of postal or courier communications services, the delivery terms of postal items, mode of operation, as well as other necessary information, which makes the rendering of the postal or courier communications services accessible.

The Law "On Railway Transport" of RA regulates the legal, organizational and economic relations of activity of the public railway transport within the territory of the Republic of Armenia, establishes the basis of the state regulation of non-public railway transport, as well as regulates the interrelations of the organizations and private entrepreneurs carrying out railway transport activity with the state governmental bodies and other organizations (Article 1).

According to Article 2 of the Law, the principles of carrying out railway transport activity are:

1) continuity and stability of operation;

2) accessibility, safety and quality of the services rendered.

Part 34 of Article 3 of the Law establishes that the charges for the use of infrastructure are charges levied from the operator by the infrastructure manager.

According to Article 5 of the Law, the state policy in the field of railway transport is carried out on the following principles:

1) promoting the interests of the state, railway transport users and public railway transport organizations;

2) ensuring the railway transport as well as full, efficient, safe and high-quality activity of its overall development;

3) ensuring the continuity of the transportation process carried out jointly with the infrastructure manager and operators;

4) ensuring the protection of the entrepreneurs' rights in the field of railway transport;

5) ensuring the priority of issues on the environmental protection;
6) application of identical and nondiscriminatory charges for the use;
7) development of competition and establishment of railway transport services market.

Article 11 of the Law envisages that the Public Services Regulatory Commission elaborates and approves the methodology (methods) of calculation of usage charges, approves and implements the calculation of usage charges. The validity period of the usage charges cannot be less than one year, except the cases when in the result of appeal in the courts against the sizes of the usage charges established, the Regulatory Commission makes a new decision on the establishment of the usage charges, on the basis of the judgment of the court. The Regulatory Commission can establish a long-term usage charge of the infrastructure manager's activity, and, when appropriate, the principles of its adjustment. The usage charge can be revised at the initiative of the infrastructure manager. At the suggestion of the Authorized Body, the Regulatory Commission can revise the current usage charges and establish a new one in accordance with its approved procedure. In case of the operator's complaint the Regulatory Commission, has a right to exercise supervision over the accuracy of application of the usage charges by the infrastructure manager, as well as conduct and arrange studies of the financial-economic activity to adjust the authenticity of the submitted reports and information, requiring necessary substantiating documents in terms of application of the usage charges. The Regulatory Commission accepts decisions by which the application of the usage charges is ensured.

According to Article 13 of the Law, the principles of formation of the railway infrastructure usage charges are as follows:

1) reimbursing the justified operational and maintenance expenses, depreciation of fixed assets and amortization of intangible assets necessary for carrying out licensed activities in accordance with the license terms;
2) provision of the possibility of realizing a reasonable profit;
3) inclusion of substantiated loan service costs;
4) differentiation of usage charges conditioned on the types and peculiarities of the services;
5) inclusion of substantiated and necessary insurance costs;
6) inclusion of substantiated costs to ensure the environmental norms;
7) inclusion of substantiated and other necessary costs envisaged by the legislation of the Republic of Armenia.

The principles of state regulation of pricing in the railway transport field are directed to the encouragement of economic efficiency through the restriction of the market capacity provided by the monopoly component of the infrastructure, that is, the fixed assets of infrastructure, which is implemented through the application of non-discriminatory infrastructure utilization fees, minimizing the infrastructure use barriers for the competing transport operators. The pricing control is applied to the infrastructure utilization fees and not to the final tariffs established by the transport operator for the users of railway transport services, except the cases when the tariffs established by the transport operator for the railway transport users can be restricted by international agreements or by maximum tariffs established by the decision of the Government in emergency situations or by abuse of monopoly position or in cases of hazardous or unfavorable economic activity.

The Law "On the Establishment and Revision of the Tariffs of Rendering Services for Mandatory Technical Inspection of Vehicles by Means of Technical Diagnostics" of RA regulates the principles of establishment of tariffs collected for the provision of services of mandatory technical inspection of vehicles by means of technical diagnostics, as well as their establishment and revision (Article 1).

According to Article 2 of the Law, the tariffs for the provision of services are established and revised by the Public Services Regulatory Commission of RA, the principles of formation of the mentioned tariffs are:

1) equality and unity for all service providers throughout the entire territory of the Republic of Armenia;

2) provision of reimbursement of expenses of the substantiated exploitation and maintenance costs, depreciation of fixed assets and tangible assets necessary for rendering services;

3) accessibility for all consumers of the given service;

4) provision of the possibility of making reasonable profit;

5) creation of incentives for the improvement of the rendered service quality;

6) inclusion of justified and necessary insurance expenses;

7) differentiation of tariffs conditioned on the types and specifications of vehicles.

Article 3 of the Law regulating the tariff establishment and application envisages that the Public Services Regulatory Commission of RA, in agreement with the Authorized Body, defines the procedure of establishment and revision of the tariffs, the form and the list of the required documents submitted by the service providers in this regard. The Commission establishes tariffs based on the offers submitted by the Authorized Body. The established tariffs enter into force 30 days after the decision is made. The validity period of tariffs cannot be less than one year, except the case when the Commission, in the result of appeal in the courts against the sizes of the established tariffs, makes a new decision on the establishment of the tariff, on the basis of the judgment of the court. The Commission can establish a long-term tariff for rendering services. The established tariff can be revised both at the request of the service providers at the suggestion of the Authorized Body, as well as at the initiative of the Commission. The Commission revises (reaffirms or modifies) the tariff and makes a decision within 90 days after the receipt of the package of request for revision by the Authorized Body.

Thus, the above stated legal acts define the rights and obligations, functions of the state Authorized Bodies, the organizations providing services and the consumers in the regulated sphere of public services, the main criteria (requirements) and guarantees directed to the protection of the rights of consumers and provision of balance of interests.

Nevertheless, the improvement of the legal framework of the regulated spheres is also a continuous process and it is one of the most significant functions of the Public Services Regulatory Commission.

Among the reforms carried out in the regulated areas, the Commission has completed the rules of electric energy supply and use, by its approved Decree No 358-N of December 27, 2006 and the model form of the contract of grid connection and the electric energy supply established by Decree No 218-N of May 31, 2017 for the improvement of the process of grid connection of the new consumer or the reconstructed consumption system of the consumer. The mentioned changes reduced the number of the established processes on grid connection of the new consumption system and submission of the offer on the conclusion of the contract on electric energy supply, in particular, cases of the simplified connection are established when right after the receipt of the application of the applicant the latter is offered to conclude a contract on grid connection of the consumption system and electric energy supply together with two copies of the contract signed by the Supplier. In the case of non-simplified connection with 0.22 kV voltage, the time limits of grid connection are reduced to 50 calendar days instead of 45 working days.

Decree No 568 N of December 20, 2017 of the Commission defines that each year, starting from January 1, 2019, till December 1 of the given year, the Commission revises the prices of the service rendered to the consumer for mains supply of other consumers (sub-consumers) or other networks of the supplier approved by Annex of Point 1 of Decree No 41 “On Approval of the Methods of Assessment of Prices of the Service Rendered to Consumer for Mains Supply of

Other Consumers (Sub-Consumers) or Supplier Networks" of April 14, 2004 of the Commission with the application for them the index of consumer prices for September of the current year in comparison with the same month of the previous year aimed to comply the price of the service rendered to the consumer for mains supply of other consumers (sub-consumers) or other networks of the supplier with the current prices. The sizes established in the result of the revision enter into force on January 1 of the year next to that given year.

Within the framework of the 6 obligations proceeding from the "Agreement of Comprehensive and Enhanced Partnership signed between the Republic of Armenia and the European Union and the European Atomic Energy Community and their Member States", the Commission should also, during 2019, complement and bring into conformity its legal acts with the provisions of the Agreement after the approximation of the legislation of the Republic of Armenia to the mentioned Agreement.

The Law "On Amendments and Additions of the Law "On Energy" of RA" of the Republic of Armenia came into force from July 1, 2018, as a result of which the Commission sets up to the revision of a number of its legal acts, including procedures of licensing activities in the area of energy, procedures of licensing of the import and export of electric energy (capacity) and natural gas, the model form of contracts concluded between the licensees in the area of energy as well as between the latter and the consumers, the procedure of registration of contracts on import and export of electric energy and natural gas concluded between the licensees in the area of energy and revision of a number of other legal acts, elaboration of consideration procedure of new legal acts, including the alienation of the licensee's share (stock, participatory interest) or the right to it, otherwise transfer or pledge, as well as the alienation of the property necessary for carrying out licensed activities or the right to it, otherwise transfer or pledge.

Within 18 months from the moment of coming of the Law "On Amendments and Additions of the Law "On Energy" of RA" of the Republic of Armenia into force , among other acts, the Commission is to approve new trade rules of the wholesale electricity market, new model forms of electricity wholesale and retail markets contracts, trade rules of the retail market, distribution network rules, 7 rules of the electric energy system network are to be improved.

Due to the abovementioned changes it is envisaged to elaborate jointly with the Ministry of Energy Infrastructures and Natural Resources of RA a new model of electricity market of RA and introduce new tools for the regulation of the energy market, based both on the international best practices as well as other fundamental principles of protection of the internal market consumers, introduction of responsibility measures in the production and consumption markets.

The Rules, established by Decree No 378 N of November 30, 2016 of the Commission, on rendering services for drinking water supply and drainage (sewage disposal) have been completed and a model form of the temporary contract on rendering services for drinking water supply and drainage (sewage disposal) has been elaborated to avoid immediate termination of the services and to afford an opportunity to become a Consumer with a new connection in accordance with the established procedure in case of detecting an illegal use of drinking water and drainage (sewage disposal) systems through illegal connection by the non-consumers in the drinking water field.

The following drafts of the legal acts are currently in circulation elaborated by the government departments of RA, according to the data of the united web site for publication of projects of legal acts:

Draft Resolution of the Public Services Regulatory Commission "On Amendments of Decree No 441 N of April 14, 2004 of the Public Services Regulatory Commission of the Republic of Armenia":

Decree No 441 N of April 14, 2004 of the Public Services Regulatory Commission of the Republic of Armenia defines the procedure of calculation of the monthly amount of payments for services rendered by an energy supplying company (hereinafter referred to as Supplier) to the consumer through the consumer's power station for supplying power to other consumers (sub-

consumers or other networks of supplier). At the same time, Decree No 568 N of December 20, 2017 of the Public Services Regulatory Commission of the Republic of Armenia "On Amendments and Additions to the Decree No 441 N of April 14, 2004 of the Public Services Regulatory Commission of the Republic of Armenia" revises the money amounts of the methodology bringing them into compliance with the sizes of the consumer prices of the current year. It becomes necessary to revise the mentioned money amounts taking into consideration the changes of the consumer price index in 2018.

The objective of the envisaged amendments is to bring the payments of the service rendered by the energy supplying company to the consumer through the consumer's power station for supplying power to other consumers (sub-consumers or other networks of Supplier) into compliance with the current prices. The Draft Resolution suggests to apply on the money amounts methodology of the calculation of the amount of payments for services rendered by the consumer for supplying other consumers (sub-consumers) or other networks of the Supplier approved by Appendix of Decision No 41N of April 14, 2004 the index of the consumer price of September 2018 in comparison with October 2017.

Draft Resolution of the Public Services Regulatory Commission of RA "On Amendments and Additions to the Decree No 358N of December 27, 2006 of the Public Services Regulatory Commission of the Republic of Armenia":

The types of activities subject to licensing in the area of energy, the rights and obligations of the electric energy wholesale market participants are changed by the Law "On Amendments and Additions to the Law "On Energy" of RA" approved on February 7, 2018, and therefore it becomes necessary to make appropriate changes in contractual relations of the latter, in the trade and network market rules, to separate electrical energy distribution and supply (including the guaranteed supply) functions.

Draft Resolution of the Public Services Regulatory Commission of RA "On Amendments and Additions to the Decree No 95N of July 8, 2005 of the Public Services Regulatory Commission of the Republic of Armenia":

The objective is the clarification of supplier-customer relations through regulatory mechanisms, extension of the necessary provided information.

The approval of the draft is conditioned by the further improvement and clarification of the Rules of supply and use of natural gas.

In the result of the alternations of the rules, it is expected:

a. To clarify the procedure of recalculation of the natural gas consumed in case of failure of electronic sensor of the commercial metering device;

b. To define a provision according to which in cases when a protocol on dismantling of the commercial metering device is not drawn up and the Consumer does not agree to pay for the recalculated natural gas, and the Supplier resolves the dispute in court, without terminating the gas supply of the Consumer till the final dispute resolution;

c. For the further improvement of the quality of servicing the Consumer, the Supplier is obligated to publish prior information on the planned gas supply interruptions, at least 7 days in advance, in his web site. In addition, inform the Consumers twice, at least by one of the national broadcasting channels, about the planned gas supply interruptions for the next day and the final time-period of restoration.

d. To clarify the procedure of payment by the Supplier of the penalty to the Consumer according to which the Supplier is obligated to pay penalty to the Consumer for each violation of the requirements established by the Rules.

Draft Resolution of the Public Services Regulatory Commission of the Republic of Armenia "On Amending Decree No 374N of November 1, 2013 and Revocation of Decree No

339N of October 2, 2013 of the Public Services Regulatory Commission of the Republic of Armenia":

The types of activity subject to licensing in the area of energy are changed by the Law "On Amendments and Additions to the Law "On Energy" approved on February 7, 2018 of RA, so it becomes necessary to make appropriate changes in the energy licensing procedure approved by Decree No 374 N of November 1, 2013 of the Public Services Regulatory Commission of RA.

According to the draft, the procedure for licensing activity in the area of energy is brought into accordance with the requirements of the Law "On Energy" of RA. Particularly, relevant regulations are envisaged on licensing procedures for the new participants in the energy market, the list of documents is clarified for the submission to the Commission for a license receipt. Taking into account the fact that, according to the Law "On Energy" of RA, the import and export of electricity, henceforth, is to be carried out without import or export licenses, the regulations on them are also withdrawn from the licensing procedure. At the same time, the procedures for licensing the natural gas import and export activities are also included in one common procedure.

Draft Resolution of the Public Services Regulatory Commission of the Republic of Armenia "On Additions to Decree N344 N of August 9, 2017 of the Public Services Regulatory Commission of the Republic of Armenia":

According to Point 196 of the Electric Energy Wholesale Market Temporary Commercial Rules, approved by Decree N344 N of August 9, 2017 of the Public Services Regulatory Commission of RA, within the framework of the process of collecting money from the consumers for the consumed electricity and making payments to the producers of the electric power system stations and companies providing services by "Electric Networks of Armenia" CJSC, "Electric Networks of Armenia" CJSC, in the process of pledging the amounts collected from the consumers, can also make payments from a special account for the electric energy purchased from other persons for the purpose of sale in the internal market. At the same time, Point 197 of the Rules does not envisage mode of outlet of funds from the special account of "Electric Networks of Armenia" CJSC for the abovementioned case. Therefore, there is a need of improvement of the temporary trade rules of the electric energy wholesale market of the Republic Armenia in regards to those relations.

The approval of the draft will contribute to the collection of money from the consumers for the electricity consumed and more efficient regulation of the payment process by the "Electric Networks of Armenia" CJSC to the producers of the electric power system stations and companies providing the services.

Draft Resolution of the Public Services Regulatory Commission of the Republic of Armenia "On Amendments and Additions to Decree No 358N of December 27, 2006 of the Public Services Regulatory Commission of the Republic of Armenia":

The approval of the draft is conditioned by the further improvement and clarification of the Rules for supply and use of electric energy.

In the result of the alternations of the Rules, it is expected:

a. The payment document submitted to the consumer will include more extensive information for the consumer, thanks to which the quantity and the cost rate of the electric energy consumed will be more controllable for the latter;

b. In case of the breakdown of the commercial metering devices, the formula of recalculation of the electric energy spent by the consumer will be clarified, and the value determination of the consumed electric energy will be more accurate, differentiated with respect to day and night tariffs;

c. For the convenience of the consumer and control over the work of the metering device allotted to the consumer, the Supplier should be obliged to submit the copy of the expert opinion of the Metrological Body to the consumer not later than within 15 working days after dismantling the commercial metering device.

Draft Resolution of the Public Services Regulatory Commission of the Republic of Armenia "On Amendments and Additions to Decree No 378N of November 30, 2016 of the Public Services Regulatory Commission of the Republic of Armenia":

Currently, the issues related to the illegal use of drinking water and (or) drainage (sewage disposal) systems from the water supply systems of the Supplier in the field of drinking water are regulated by Decree No 658N of June 1, 2017 of the Government of the Republic of Armenia "On Revocation of Decree No 130 of January 22, 2004 of the Government of the Republic of Armenia and Regulation of Drinking Water Use for Irrigation Purposes, Record of the Illegal Use of Drinking Water and (or) Drainage (Sewage Disposal) Systems from the Water Supply Systems". This Decree defines that in case of detection of illegal use of drinking water and (or) drainage (sewage disposal) systems, the Supplier records the fact, calculates the number of illegal use of services and the amounts payable for them through respective estimations and terminates the illegal use of the services at the expense of the person committed the illegal connection. This legal regulation leads to the fact that the person committed misconduct is deprived of vital services before becoming a Consumer through a new connection.

Decree No 378N "On the Establishment of Rules of Rendering Services for the Drinking Water Supply and Drainage (Sewage Disposal)" of November 30, 2016 of the Public Services Regulatory Commission of the Republic of Armenia defines the regulations in the respect of the payment document submitted to the Consumer for the services rendered. In this case, the requirements for the information provided to the Consumer through the payment document are relatively limited and summarized: the tariffs, the number of the rendered services and the payable amounts for them are lacking, and in case of the subsidy, the requirements for submitting the separated subsidy amounts by the types of services, calculated for each billing month, as well.

The objective of the draft is to give an opportunity, for a certain period of time, to the person committed misconduct to become a Consumer through a new connection without the termination of the use of services, as well as to provide the Consumer the utmost detailed information through the payment document on the services rendered (starting from January 1, 2019 the draft resolution envisages to include in the payment document submitted to the Consumer for the services rendered, information on tariffs, amounts and the payable sums separately by the type of the service rendered within the billing month, and in case of the subsidy also the calculated subsidy amounts for each billing month).

Draft Law "On Amendments and Additions to the Water Code of the Republic of Armenia" of RA.

The approval of the draft will comprehensively regulate the drainage system legal relationships, as well as define the types of sewage and drainage systems and the specified requirements, by the types, to the sewage disposal, clearing and monitoring.

In case of certain conditions, preliminary treatment requirements are established for those discharging the industrial wastewater. To exercise control over those processes, a function of the sewage monitoring is established, the implementation of which is entrusted to the unified operator within the service territories of the unified operator, and in the case with those discharging outside the service territory, to the specialized organizations. This function is entrusted to the operator in the service territory to reduce the monitoring costs as it can be combined with the process of meter reading of the water consumed.

The offered draft establishes a legal base for collecting comprehensive information on all industrial wastewater discharges in the territory of the Republic of Armenia and including them in the State Water Registry, in particular, the type of activities of the organization, the amount of permissible leakage, the composition of the wastewater characteristic of the given production activities and other information which will facilitate the exercising of effective environmental control in the field of drainage. The database of sewages of different industrial branches will

significantly facilitate the process of conducting monitoring, as the list of such "dangerous" contaminants will be clearly defined, for the preliminary treatment of which mandatory requirement should be submitted as well as their quantitative limits will be controlled in case of leakage into the network or environment.

For the purpose of promoting investments in the drainage area, especially from the point of view of the improvement of the drainage of the communities not included in the service area of the unified operator, it is envisaged to separate water supply and sewage services, including the separation of drainage service sewage disposal and sewage clearing as different types of services under competence of the Public Services Regulatory Commission of the Republic of Armenia including in the field of granting them a license, because different entities can perform those services. Besides, it is defined that in case of selling the wastewater or sludge/mud or the sale of resources generated from their utilization, no license is required.

Favorable preconditions will be created for private investors to make investments as well as international financial organizations and donors within the framework of public-private sector partnership (PPP).

The draft encourages the recirculation (secondary use) of wastewaters for all purposes permissible by the legislation if they meet the qualitative requirements of the designated water use. Besides, the norms, promoting the environmental tax, cover all the spheres of economic activities, as opposed to the fish and crayfish breeding only, functioning currently.

At the same time, it establishes the necessity of approving the standards for irrigation water quality to regulate the use of wastewater for irrigation purpose. The stabilized sewage is treated as a water resource.

The draft also envisages norms for communities, directed to the obligation of construction of local infrastructures, in particular, the communities are obligated to have sewage disposal and sewage treatment systems corresponding to the requirements of the Decree of the Government of the Republic of Armenia, which will enter into force in 3 years. The purpose of this legal norm is the elaboration of the further directions for the development of the infrastructures and the vision and regulation of its implementation, after which the schedule establishing the obligations towards the communities can be clearly defined.

2. International Experience Related to the Protection of the Rights and Interests of Consumers in the Field of Public Services

According to Article 6 of the Constitution of RA, the international treaties enter into force only after the ratification or approval. The international treaties are the integral part of the legal system of the Republic of Armenia. If other norms are established in the international ratified treaties than are envisaged by laws, then those norms are applied. The international treaties contradicting with the Constitution cannot be ratified.

Article 6 of the Civil Code of RA envisages that international treaties are applied directly, except those cases when a publication of a domestic act is required for its application proceeding from the international treaty. If other norms are established by the international treaty of the Republic of Armenia than those envisaged by the Civil Code and other legal acts, then the norms of the international treaty are applied.

According to Article 2 of the Water Code of RA, if other norms are established by the international treaties of the Republic of Armenia than those envisaged in the same Code, then the norms of the international treaties are applied.

Article 57 of the Law "On Energy" RA enshrines that if other norms are established by the international treaties of the Republic of Armenia than those envisaged by the same law, then the norms of the international treaties are applied.

The same is also established by Articles 3 of the Laws "On Consumer Rights Protection" and "On the Public Services Regulatory Body" of RA, Article 2 of the Law "On Postal Communications" of RA, Article 4 of the Law "On Railway Transport" of RA.

Article 2 of **Agreement "On the Main Directions of Cooperation of the State Parties to the Commonwealth of Independent States in the Field of Protection of the Consumer Rights" of January 25, 2000** proclaims that the purpose of the Agreement is the establishment of a legal and organizational basis for cooperation of the Parties in the direction of implementation of agreed policy in the field of protection of the consumer rights directed to the cooperation for the citizens of the State Parties to the same Agreement, aimed at the protection of their interests from unfair activities of the economic entities functioning within the territories of those States, and the formation of equal conditions.

According to Article 3 of the Agreement, the consumer rights s and their protection are guaranteed by the national legislation on protection of the consumer rights as well as by the same Agreement. The citizens of each of the CIS State Parties, as well as other persons residing in the territory of the given state, in connection with their consumer rights enjoy the same legal protection within the territories of other Commonwealth States having joined the Agreement, as the citizens of the given State, and have the right to apply to the state, public and other organizations, file lawsuits and perform other procedural actions on the same terms as the citizens of that state.

Article 4 of the Agreement states that the Parties cooperate in the following directions:

- Provision of consumers, state bodies and consumer public associations with the latest and accurate information on goods (works, services) and manufacturers (sellers, performers),

Taking measures directed to the prevention of activities of unfair economic entities within the territories of the State Parties to the Agreement and the penetration of poor quality goods (services) into the market:

- creating favorable conditions for the free choice of goods (works, services) for the consumer through the development of fair competition;
- implementation of coverage programs in the field of protection of consumer rights as an integral part of the citizens' training in the state educational system;
- involvement of mass media, including television and radio, in the outreach and continuous coverage of the issues on protection of the consumer rights.

The Republic of Armenia has concluded a **"Comprehensive and Enhanced Partnership Agreement"** with the European Union and the European Atomic Energy Community and its Member States.

The Public Services Regulatory Commission of RA constantly cooperates with the international organizations and regulatory bodies of other countries.

In particular, the Commission cooperates with the World Bank, the European Bank for Reconstruction and Development, the Asian Development Bank, the US Agency for International Development (USAID), and members of the US National Association of Regulatory Utility Commissioners (NARUC), International Telecommunication Union (ITU), relevant EU structures, particularly, EU Eastern Partnership Electronic Communications Regulators Network (EaPeReg), the Energy Community Secretariat, the Black Sea Regulatory Initiative (BSRI), the Energy Regulators Regional Association (ERRA), the International Water Association (IWA) and the European Water Regulators (WAREG) to study the best international experience in public service regulation field and apply it or consider the possibilities of applying it in the Republic of Armenia

The Commission, as the founding member of the Energy Regulators Regional Association (ERRA), has some responsibilities, including the participation in the annual general meetings and

the meetings of the Presidents, sessions of the tariff and price forming, licensing and competition committees, consumers and retail market working groups.

The analysis of the experience of CIS Member States in the field of protection of the consumer rights proves that significant steps have been taken towards the policymaking and policy implementation aimed at ensuring the improvement of the well-being of the mentioned states, numerous legislative and bylaws have been adopted through which the rights and obligations of the below mentioned participants have been regulated in the emerging legal relations:

- citizens: service consumers;
- organizations: service providers;
- state: legal relations regulators and supervisors.

Particularly, in the Russian Federation and the Republic of Belarus, the states exercise control functions aimed at ensuring the quality of services and excluding competition in the sphere. The subsidy allocation institute is applied to mitigate the social burden of the population.

On the basis of the Law "On Consumer Rights Protection" of the Republic of Uzbekistan, the Government has adopted Decree "On Extension of Public Participation in Consumer Rights Protection", which establishes Interdepartmental Councils and Territorial Unions on protection of consumer rights (including control over the appropriate volume and quality of communal services).

A concept has been developed in the Republic of Kazakhstan aimed at the improvement of the state consumer policy, provision of rights and legitimate interests of consumers, the purpose of which is the determination of the main directions of formation of the legal base, the rights and obligations of the entities in the legal relations, mutual responsibility.

Analyses prove that cases of violation of the consumer rights are also frequent in CIS Member States, based on which, almost in all states, a special attention is paid to such directions as:

1) improvement of the legislative and normative base;

2) active involvement of public organizations and unions in the processes of consumer rights protection and public services sphere regulation;

3) regular study of public opinion on the current processes;

4) wide awareness of the public.

CHAPTER 2. THE HUMAN RIGHTS DEFENDER'S ACTIVITIES AND RECORDED ISSUES IN THE SPHERE OF PUBLIC SERVICES

1. The Human Rights Defender's Activities in the Sphere of Public Services

Close cooperation has been established between the Public Services Regulatory Commission of RA and the Defender's Office to more effectively solve the problems raised by complaints submitted to the Human Rights Defender's Office. A working group has been formed wherein the problems related to the gas supply, power supply, water supply, and increases in water tariffs were resolved. In addition, grievances regarding the changes brought about as a result of recalculations of commercial metering devices have already been discussed. It is thanks to the mentioned cooperation that the problems submitted by the citizens were generally solved in a positive manner.

For example, the power supply, gas supply and water supply of the apartments of the people who applied to the Defender are restored. Moreover, the gas supplying company transported the gas pipe by its own means, and installed a gas detecting device in the citizen's apartment, which he did not install before.

In 2017, complaints were addressed to the Defender about the fact that people had contacted "Gazprom Armenia CJSC" to clarify the work of the commercial metering devices (gas meters) of

the residential houses, as a result of which the replacement of the commercial metering devices was performed. Later, in the notification of the gas supply-ensuring company it was noted that according to the expert opinion of the Metrological Body, the commercial metering devices were exposed to an external interference. As a result of this the company recalculated gas consumption. The citizens expressed their disagreement regarding the presented results.

Taking into consideration the fact that the problem is of mass significance, the Defender initiated a discussion procedure. According to the clarifications of the Public Services Regulatory Commission, the amount and cost of the natural gas was recalculated by the company due to the breach of the commercial metering devices (which was confirmed by the expert opinion of the Metrological Body), taking into account the amount of gas spent but uncounted by the consumers. According to the Commission, the performed actions correspond to the requirements established by Subparagraph "a" of Points 4.9 and 4.13 of Decree No 95N, "On Approval of the Rules of Natural Gas Supply and Use" of July 8, 2005 of the Public Services Regulatory Commission of RA.

It should be noted that according to Point 4.1 of Decree No 95N "On Approval of the Rules of Natural Gas Supply and Use" the commercial metering devices for the gas supply of residents of multi-apartment buildings are placed outside their apartments. The commercial metering devices for the gas supply of detached houses and household consumption organizations are placed outside their own territory. The placement of commercial metering devices of non-household consumption organizations is defined by the connection contract, which is also fixed in the contract.

In case of breach of the commercial metering device when no control metering device is available, and it is stated by the expert opinion of the Metrological Body that the seals of the commercial metering device are missing, counterfeited, damaged, or the breach of the commercial metering device was conditioned by such breakdowns or damages of the separate parts of the instrument which could have been conditioned only by the influence of a person, taking into consideration the expert opinion of the Metrological Body, the Supplier has a right to demand from the consumer a penalty equal to the value of the recalculated gas. However, for this to occur, the supplier must also conclude it has led to the wrong accounting of the amount of the consumed gas by the consumer, that it was intentionally tampered with by a person, and that it was the first breach of the device within the last two years. In case the Consumer agrees to the Supplier's demand to pay a penalty, the Supplier considers the calculated penalty in the settlement (payment) document submitted to the Consumer for the billing month following the recalculation. In case the Consumer does not agree to the Supplier's demand to pay a penalty, the Supplier resolves the dispute by judicial procedure. The Supplier has no right to terminate the gas supply of the Consumer for nonpayment of the penalty until the final settlement of the dispute.

In case of detection of more than 1 breach of the commercial metering device within two years by the same Consumer, when the Supplier believes the breaches were the Consumer's intentional actions, specified by the conclusion of the Metrological Body, the Supplier has the right to charge a penalty at double the cost of the recalculated gas and consider it in the settlement (payment) document submitted to the Consumer for the billing month following to the recalculation. In that case, the Supplier has a right to terminate the gas supply of the Consumer for non-payment of the calculated penalty in accordance with the procedure established by Chapter 6 of these Rules in the case of organizations, and Chapter 8 of these Rules in the case of the population. In case the Consumer does not agree to the Supplier's calculated penalty, the Consumer resolves the dispute by judicial procedure.

In connection with the issue under discussion, information was received from the Commission that related to the cases on the breach of the natural gas metering device conditioned by the human factor, which resulted in the wrong calculation of the natural gas amount spent by the Consumer, the Public Services Regulatory Commission of the Republic of Armenia has

recorded 49 written complaints in 2017. In 5 of these cases the Supplier, after adjustment, lowered or withdrew the demand on the cost of the recalculated gas, and in one case, the gas supply provision company appealed to the court with a demand to recover the amount of the cost of the recalculated gas. In the remaining 43 cases, the company recalculated the gas amount and cost for the gas amount spent but uncounted by the consumer, due to the breach of the commercial metering device (which was specified by the expert conclusion of the Metrological Body). The commission is assured in the result of the studies, within the limits of its competence, with clarifications provided by the Supplier; It has expressed its position hereto that the recalculations made correspond to the requirements established by Subparagraph "a" of Points 4.9 and 4.13 of Decree No 95N "On Approval of the Rules of Natural Gas Supply and Use" of July 8, 2005 of the Public Services Regulatory Commission of RA.

However, it should be stated that according to the existing legal regulations, the commercial metering devices for the gas supply for the multi-apartment buildings and detached houses are located outside the territory of the Consumer's property. As a result, in case of a breakdown or damage of the gas meter through physical influence, only the Consumer bears responsibility, without proving guilt.

Taking into consideration the above mentioned, the Human Rights Defender suggests altering Decree No 95N of July 8, 2005 of the Public Services Regulatory Commission of RA to ensure the transfer of the commercial metering devices to the territory of the Consumers ownership and control.

2. The Problems Recorded in the Sphere of Public Services

According to the complaints of consumers, the classification of the problems related to the protection of the consumer rights and interests in the sphere of public services can be divided into 3 conventional groups:

1. Inaccurate observation of requirements of legislation by public service-providing organizations during the signing of contracts with consumers, and dictation of their own terms of service provisions to consumers during that time.

Accusations arise that the service providing organizations (mainly electric energy supply, gas supply, water supply) refuse to conclude contracts for a variety of reasons, or try to impose to additional contracts (e.g., gas service), and include contract provisions that violate the consumer's rights.

2. The improper quality of the services rendered and inconsistency of the price.

Arguments are brought forth that the quality of the services provided by the organizations (mainly electric energy supply, gas supply, water supply) are not compliant with the technical standards, and the supply is groundlessly interrupted. The cost of the services rendered is inconsistent; it significantly exceeds the prime cost and ensures surplus profits for the Suppliers by violating the rights and interests of consumers.

3. The futility of the disputes related to the provision of services.

Arguments are made that issuing complaints related to the services rendered are time-consuming and costly, which results in consumers being deprived of the possibility of receiving the same services from other Suppliers; rather, they are obliged to agree to the terms set by the organizations providing public services and do not undertake the processes of appeal against the action (or inaction) of the latter.

According to discontent of consumers, the problems related to the protection of the consumer rights and interests in the field of public services mostly refer to the spheres of water, gas, and electric energy supplies.

The following information is of utmost interest for consumers.

- **Procedures in connection to the water supply and drainage systems**: in accordance with Points 10, 11 and 15 of the Rules on Rendering Services for the Drinking Water Supply and Drainage (Sewage Clearing) approved by Decree No 378N of November 30, 2016 of PSRC, the new system is built either by the Supplier or the applicant, at the discretion of the applicant. The new system, except for the purchase and installation of the commercial metering device, is built at the expense of the applicant. The construction of the new system and the transfer of its right of ownership to the Republic of Armenia is carried out in accordance with the procedure prescribed by the legislation of the Republic of Armenia.

The following documents are required for the connection of the water supply and drainage systems of the resident-consumer:

- a copy of the identification document and, in the case of an authorized person, a copy of the identification document and power of attorney;
- a copy of the document certifying the rights to the territory (to building, to construction), or the document confirming the fact of residence in the territory (in the building, in the construction) issued by the head of the community, and in the city of Yerevan also by the head of the administrative district;
- a copy of the schematic plan or approved general layout, indicating the location of the object under construction (constructed);
- a copy of the document confirming the payment of 2000 drams for the drafting of the technical specifications and the high level cost estimate.

The new system is built by the Supplier on the basis of a connection contract. The Supplier charges a connection fee from the applicant for a new connection. The value of the connection payment is equal to the price of the high level cost estimate of the works agreed upon by the Supplier with the applicant for the implementation of work to connection to the water supply and sewage system of the Supplier, and is specified after the actual completion of the work, in accordance with the procedure established by the connection contract.

- **Possible actions of the Supplier in case of detection of bypassing, by the Consumer, connections of the commercial metering devices of the water supply and drainage systems:** According to Points 49, 49.1, 49.2, and 49.3 of the Rules, in case of bypassing the commercial metering device by the Consumer (including the dismantling of the commercial metering device by the Consumer), the Supplier enacts protocol on the violation and recalculates the volume of services rendered to the Consumer by the throughput capacity of the inlet pipe or the inlet pipe connected through bypass, at a speed of movement of 1,5 m/sec and the published water supply schedule: with 15 days in the case of multi-apartment resident Consumers; within 30 days for non-apartment building resident Consumers; and 90 days for non-resident Consumers. An except stands for cases when the Consumer has been a Consumer for a time period shorter than the time periods established by this point, during which the recalculation is made for the period of being a Consumer. Thus, in the case of detecting the same violation by the same Consumer within two years from the date of detection of bypass of the commercial metering device (including the dismantling of the commercial metering device by the Consumer), the Supplier has the right to recalculate the volume of the services rendered to the Consumer at double the rate of the abovementioned amounts. In the case of bypassing the commercial metering device, the Supplier considers separately the recalculated amount of drinking water and the payable amount of money for it in the settlement document submitted to the Consumer for the services rendered in the billing month following the recalculation and adds it to payable

amount for the services rendered to the Consumer, or submits an adjusting settlement document.

- **The procedure of dismantling the commercial metering device of the water supply and drainage systems of the Consumer**: in accordance with Point 35 of the Rules, in the case of dismantling a commercial metering device, the Supplier:

- Following a visual analysis, makes up initiates protocol on the meter reading of the commercial metering device, breakdown of the commercial metering device, which is signed by the Supplier and the Consumer or his representative. In case of non-appearance of the Consumer or refusal to sign the protocol or disagreement with any provision of the Protocol, the Supplier makes a respective note in the protocol, describing the reasons. In case of non-appearance of the Consumer, the Supplier attaches the enrolment on the notification of the Consumer to the protocol. The protocol is drawn up in two copies, one for each party.
- Installs the commercial metering device at his own expense, the identification data of which are fixed in the contract and which is a part of the water supply and drainage system of the Supplier. The dismantled commercial metering device, being the proprietary of the Consumer, is returned to the Consumer within 10 working days after the metrological testing.

- **The obligations of the Consumer in case of the alienation of the territory including the internal network of the water supply and drainage systems:** in accordance with Point 8 of the Rules, in case of the alienation of the territory including the internal network, the Consumer is obliged to inform the Supplier about it in writing to terminate the contract.
- **Penalty paid to the Consumer by the Supplier**: in accordance with Point 56 of the Rules, the Supplier pays penalty to the Consumer at a rate of 50% of the average monthly amount calculated for the services rendered to the Consumer, but not more than 2000 drams in the following cases:

- for the violation of the procedure and terms of dismantling, installing, and metrological testing of the commercial metering device;
- for the violation of the procedure and terms of payment, calculation and recalculation of the volume of the services rendered and the amount payable for them;
- for the violation of the procedure and terms of the interruption of water supply and termination of rendering the services, including the exceeding of terms established by Point 68 of the Rules;
- for the violation of the procedure and terms of submission and consideration of the application.

- **The procedure of termination of rendering the services to the Consumer by the Supplier**: in accordance with Point 74 of the Rules, the Supplier has the right to terminate the rendering of services to the Consumer, notifying at least one day before:

- in case of non-payment of the amount payable, or the calculated penalty for the services rendered, or the recalculated volume of the service rendered, in case of a repeated non-payment within 3 days from the date of notification of the Consumer by the Supplier in writing or electronic form or by means of twenty-four-hour telephone communication;
- in case of preventing the Supplier's representative access to his proprietary territory, or possessing on other legal basis to record the meter reading of the commercial metering device or dismantle it, or non-provision of the meter reading of the commercial metering device.

- **Answers to the applications submitted by the Consumer**: in accordance with Points 83 and 85 of the Rules, the Supplier is obligated to accept applications submitted in writing or electronically or via twenty-four-hour telephone communication, and respond to the Consumer's application in the same manner. The Supplier is obligated to answer the

application within 10 working days, unless otherwise established by the laws of the Republic of Armenia.

● **Become a consumer of the electric energy system**: in accordance with Points 13.2 and 13.1.2 of the Rules on Electric Energy Supply and Use approved by Decree No 335-N of December 27, 2006 of the Public Services Regulatory Commission of the Republic of Armenia, the new consumption system is connected to the power grid either on the basis of the written application of the new consumer or developer, or the consumer, or in accordance with the procedure electronic submission of the documents required for the connection of the new consumer's or consumer's reconstructed electric consumption system to the power grid. The Supplier is obligated to place the terms of connection of the new consumer's consumption system to the power grid in all the structural subdivisions of the Supplier, at the place visible for the citizens and on his official website. The applicant's application for the connection to the power grid is to contain the following documents and information:

1) The name of the organization, individual entrepreneur, name, surname in case of physical person, the place of residence, the consumption system connection address, telephone numbers of the head of the organization, individual entrepreneur, physical person or his authorized person, taxpayer identification number of the organization or individual entrepreneur, passport (it is returned after being copied) in case of the physical person. In case of applying electronically, the passport (it is returned after Xerox) and e-mail address of the head of the organization, individual entrepreneur, physical person or his authorized person are also submitted;

2) The required capacity (installed and used), voltage level, type of connection (single-phase, three-phase), consumption type (household, non-household), and in case of non-household consumption also the technical specifications of the system, as well as, at the discretion of the Applicant, his requirements on the necessity of the provision of backup power supply;

3) In case of connecting to a 0.4 kV and high three-phase voltage grid: the electric energy supply system sketch or the area plan indicating the point or points of connection of the new consumption system; the type of consumption; and in case of multi-apartment buildings, the internal consumption scheme indicating the electric power metering points, the number of stories in the building, the number of apartments, the installation capacity of other consumers located in the building, the placement in the building provided for the installation of electric panel and metering devices;

4) Documents certifying (confirming) his rights and the acquisition of the rights in regard to territory with electric energy supply (building, construction, land parcel), except the cases of the common use territories of multi-apartment buildings, including parking lots and elevators as well as cases concerning the competence of the Supplier entrusted by the Rules.

● **Responsibility for the observation of the integrity of commercial metering devices during their exploitation**: according to Point 20 of the Rules, the consumer bears the expenses for observing the integrity of commercial metering devices and the responsibility for their maintenance during the exploitation, unless the latter is not a resident of a multi-apartment building, the commercial metering device is placed in the territory being proprietary of the consumer, or is at his disposal and which is specified in the Contract. Within the context of these rules, the observation of the integrity of the commercial metering device by the consumer is its observance from external mechanical injuries. The consumer does not bear responsibility in such cases if such injuries are a result of extraordinary and unavoidable happenings and circumstances beyond the control of the consumer.

●**Checking the accuracy of the work of the commercial metering device**: in accordance with Point 60 of the Rules, the checking of the accuracy of the work of the commercial metering device can be carried out both based on the customer's written application and at the Supplier's initiative. The accuracy of the work of the commercial metering device is defined on the basis of the metrological expertise conclusion approved by the Metrological Body in the course of the regular or extraordinary testing of the commercial metering device.

●**The rights and obligations of the Supplier and the consumer in case of the dismantling of the commercial metering device**: in accordance with Points 62 and 63 of the Rules, the Supplier is obligated to notify the consumer about the time of the dismantling, the checking of the accuracy and metrological testing of the commercial metering device at least 3 working days in advance in writing, via telephone message or electronic means of communication. The Supplier has the right to dismantle the commercial metering device without notifying the consumer in advance if he has discovered that the consumer consumes electric energy with an apparent breach of the commercial metering device, or the continued operation of the commercial metering device can do harm to human life, health, property or the environment. In such case, the Supplier is obligated to notify the consumer about the dismantling of the commercial metering device immediately, by the means mentioned in this Point, at the earliest available opportunity and present his substantiations of the apparent breach of the commercial metering device. The Supplier is obligated to take all necessary immediate measures to eliminate the danger threatening the lives of people, health, property, or the environment. The consumer has the right to demand that the Supplier performs any work related to the commercial metering device, including its dismantlement, checking the accuracy of the work or metrological testing, in his presence, in a mutually agreed time period but not later than within 3 working days from the date of the notification by the Supplier in writing, via telephone message, or by means of electronic communication. In case of non-appearance of the consumer for the dismantling, the checking of the work accuracy and metrological testing of the commercial metering device, within the terms established herein, these works are carried out in the absence of the consumer.

●**Termination of electric energy supply of the consumer by the Supplier**: in accordance with Points 33 of the Rules, the Supplier has the right to terminate the consumer's electric energy supply:

a) in case of non-payment for the consumed electric energy within the terms and procedure established by the Rules and agreement;

b) if the personnel of the Supplier, in case of presenting the relevant identification document, it is not permitted to service the power-stations located in the territory at the consumer's disposal, including the electric energy metering devices irrespective of their belongings, according to the agreed with the customer schedule or procedure established by the agreement;

c) if the consumer has consumed electric energy with an intentional breach of the commercial metering device, or without the commercial metering device, or through bypassing the commercial metering device;

d) in case of the expiration of the term established for the temporary connection under the new consumer electric energy supply technical specifications, having received the technical specifications of temporary connection in accordance with the procedure established by the Rules.

- **Non-termination of electric energy supply by the Supplier in case of the consumer's debt**: in accordance with Point 51 of the Rules, the Supplier should not terminate the consumer's electric energy supply if the consumer provides

guarantees of payment acceptable for the Supplier or the debt discharge schedule is drawn up with him. This provision does not restrict the right of the Supplier to terminate the consumer's electric energy supply in case of the violation of the debt discharge schedule, but ensures termination of the consumer's electric energy supply is in accordance with the established procedures.

- **In case of the violation of the term provided for the payment of the consumed electric energy, the restoration of the consumer's electric energy supply by the Supplier**: in accordance with Point 52 of the Rules, in case of the violation of the term provided for the payment of the consumed electric energy, when the Supplier has terminated the consumer's electric energy supply, it should be restored no later than:

1) on the same day, by 06:00pm, if the consumer submits a document to the Supplier by 02:00pm on working days certifying the payment of the debt, or if within the same time period the Supplier receives reliable information from other sources that the consumer has made the payment of the debt;

2) the following day, by 01:00pm, if the consumer submits a document to the Supplier after 02:00pm on working days certifying the payment of the debt, or if within the same time period the Supplier receives reliable information from other sources that the consumer has made the payment of the debt;

3) within 24 hours after the notification on the debt discharge, if the consumer submits a document to the Supplier on non-working days certifying the payment of the debt, or within the same time period the Supplier receives reliable information from other sources that the consumer has made the payment of the debt.

- **Regulation of the mistake detected in the payment document**: in accordance with Points 53-55 of the Rules, in case of detection of a mistake in the payment document, the party that detected the mistake notifies the other party on the fact in writing. In case of a disagreement, the party submits his clarifications with appropriate substantiations to the other party in writing within 10 working days from the date of receipt of the notification. In case of the confirmation of the mistake in the payment document, the Supplier considers (decreases or increases) the cost of the wrong calculated electric energy in the payment document submitted to the consumer for the next billing month. In case of discord on the payment document, the Supplier should not terminate the consumer's electric energy supply if the latter pays the cost of the non-disputed part of the supplied electric energy. The consumer should reasonably substantiate the cost of the disputed part of his consumed electric energy by submitting the substantiations to the Supplier in writing.

- **Installation of the Consumer's gas commercial metering device**: in accordance with Point 4.1 of the Rules on the Natural Gas Supply and Use, approved by Decree No 95-N of July 8, 2005 of the Public Services Regulatory Commission of the Republic of Armenia, the commercial metering devices for the gas supply to residents of multi-apartment buildings are placed outside their apartments. The commercial metering devices for the gas supply of detached houses and organizations of household consumption are placed outside their property. The point of placement of the commercial metering devices for non-household consumption organizations is defined by the connection contract, which is also fixed in the Contract.

- **Reading of the gas commercial metering device**: in accordance with Point 8.2. of the Rules the Supplier reads the commercial metering device within the last working day of the billing month or the first two working days of the following month. Residents-consumers have the right to participate in the reading of the commercial metering device.

- **Payment for the consumed gas**: in accordance with Point 6.4 of the Rules, the Supplier submits a payment document to the Consumer for the supplied (recalculated) gas in the billing month. The organization is obligated to make the payment of the cost of the supplied (recalculated) gas for the previous billing month within 7 days after the date of the payment receipt from the Supplier. This Point does not restrict the right of the Supplier to submit a payment document to organizations in the procedure established for resident-consumers.

In accordance with Points 8.4, 8.5 and 8.7 of the Rules, in case of non-payment within the established time-period, the Supplier has the right to terminate the gas supply of the resident-consumer, after providing a warning at least 3 days in advance on television or in other accessible ways for the resident-consumers (placing an advertisement on the porches, post offices, etc.). The warning should be implemented on television by broadcasting at least via one national TV channel, twice, between 18:00 and 20:00 and from 20:00 to 23:00 time-periods. The Supplier is obligated to warn the resident-consumer right before termination of the gas supply.

The Supplier should not terminate the gas supply of the resident-consumer if the latter provides guarantees of payment on acceptable terms for the Supplier or the debt discharge schedule is drawn up with him. If a resident- consumer does not discharge the debt according to the schedule, then the Supplier has the right to terminate his gas supply after warning in accordance with the abovementioned procedure.

- **Restrictions on the number and the duration of gas supply interruptions:** in accordance with Point 2.8 of the Rules, the Supplier is obligated to minimize the number of gas supply interruptions and the duration of interruption for each Consumer, thus, the number of interruptions should not exceed 4 during the calendar year and the maximum duration of each interruption, 36 hours, except when the interruption is a result of force majeure. During the winter period (from November 1 till March 15) the gas supply of resident-consumers should not be interrupted due to the planned works in the gas supply network. The gas supply interruptions of the Consumers due to the connection of new consumers are not included in the number of the counted interruptions. For the Consumers having thermal power plants and a continuous technological cycle, these indications can be stipulated by a Contract, not exceeding the values established by this Point.

- **Extraordinary metrological testing of the metering device in the gas supply system**: in accordance with Points 4.7 and 4.8 of the Rule, an extraordinary metrological testing of the commercial metering device is carried out in case of a doubt on the work accuracy of the commercial metering device. The extraordinary metrological testing of the commercial metering device can be carried out both at the consumer's request as well as at the Supplier's initiative. In case of the extraordinary metrological testing of the commercial metering device, the Supplier submits to the Consumer a copy of the expert conclusion of the Metrological Body not later than within 15 working days from the date of dismantling the commercial metering device. The Supplier bears all the expenses connected with the extraordinary metrological testing of the commercial metering device, except those cases when the expert conclusion of the Metrological Body testifies such a breach of the commercial metering device when the recalculation of the supplied natural gas is made in accordance with Point 4.13 of the RGSU, or in the result of the submission of an application on the work accuracy of the commercial metering device by the Consumer more than once in the time period of the intermediate metrological testing, a breach of the commercial metering device is not confirmed by the expert conclusion of the Metrological Body. In such cases, the Consumer bears all the expenses related to the extraordinary metrological testing of the commercial metering device.

●**Settlement of disputes arising between the Supplier and the Consumer**: in accordance with Point 2.19 of the Rules, the disputes are settled by a Contract and in accordance with the procedure prescribed by the Legislation of the Republic of Armenia.

● **Actions of Consumers of household consumption in case of changes in the gas consumption system**: in accordance with Point 2.16 of the Rules, the resident-consumers and organizations located in multi-apartment buildings should apply to the Supplier in writing for the replacement of the gas-consuming device or assembling new devices or making other changes in the gas consumption system by submitting the necessary information about those changes.

The Supplier is obligated to consider the application within 15 days, make necessary changes in the project of the gas consumption system, or allow the replacement of the gas-consuming device. In case of rejection of the application, the Supplier is obligated to submit the applicant a written substantiation. Changes in the gas consumption system (construction of a new gas pipeline or smoke pipe, re-assembling of the metering device, etc.) are made in accordance with the procedure established for the projection, construction, and adjustment of the new gas consumption system.

Many inquiries of utmost interest on the above mentioned information indicate that ***the Public Services Regulatory Commission of RA should take consistent measures directed to the increase of the accessibility of information for consumers and other beneficiaries, and, if necessary, appear periodically with educational, explanatory video clips, messages and other comments on the television, Internet and the mass media***.

From the point of view of clarifying the mutual rights and obligations of the Supplier and the Consumer in the above stated three spheres, the following issue remains problematic:

The established Rules do not regulate comprehensively the interrelations between the Consumer and the new buyer, being not a consumer yet, in case of termination of the right to property (territory), as a result of which it is not clear whom the obligations of the former should be transferred to, from whom the Supplier should enforce the payment for the services rendered.

It is considered expedient to regulate the arisen legal relations by making appropriate amendments in the Rules within the frame of the legal regulations of Article 476 of the Civil Code of RA ("The Seller's Responsibility to Deliver Goods Free of the Rights of Third Parties"), that is the seller is obligated to deliver goods to the buyer free of the rights of third parties, except in the case when the buyer agrees to accept the goods overburdened with the rights of third parties.

For the full protection of the consumer rights and the balance of interests, the following changes are considered expedient in the legal regulation of the natural gas supply system:

●**Point "c" of Part 5 of Article 20 of the Law "On Energy" of RA defines the following**:

"5. The licensees are eligible for disclosing the information referred to in Point 4 of this Article:

c) if the disclosure is necessary for the protection of the licensee (proceedings are in progress against the licensee). **The consumer can demand that the disclosure is made in a privacy procedure through closed-door proceedings"**.

In this case, the requirement of a closed-door proceeding for the protection of observation of the privacy of the consumer's personal data will be guaranteed if ***by the same Point the licensee undertakes a commitment to inform the consumer in advance of the intention or initiative of the disclosure of privacy***.

●**Part 3 of the Law "On Energy" of RA defines: "3. The Commission can establish a long-term tariff for the activities of the licensee**. In accordance with the closed deal within the frame of the state-private partnership in the area of energy, the

Commission can establish a long-term tariff agreement under the issued license on activities".

In the context of the substantiated legal regulation of the 2nd sentence of the mentioned Part of this Article, ***the 1st sentence of the same part seems needless***, as the latter does not contain any substantiation and reasonableness for the exercise of the contemplative powers of the Commission, which does not proceed from the interests of the consumers. Contrary to it, the 2nd sentence of the same Part defines the term of concluding a long-term tariff agreement.

- **Part 5 of Article 22 of the Law "On Energy" of RA defines:** "5. The established tariff can be revised both **at the initiative of the licensee as well as the Commission"**.

In this case, based on the necessity of balancing all interests in the area of energy, ***the right of initiative to revise the tariff***, except for the licensee and the Commission, ***should be also reserved for a certain group of consumers***, for example, 50 consumers and so on (the minimum and maximum limits of consumers are subject to decision subsequent to the results of analytical discussion).

- **Parts 3, 6, 8, 11 of Article 42, as well as Part 1 of Article 49 of the Law "On Energy" of RA, respectively define the following**:

"Parts 3, 6, 8, 11 of Article 42 of this Law: a person holding a license for activities in the area of energy except for the persons defined by Part 7 of this Article, committed an action defined by Part 2 of this Article, as a result of which ... it has directly led to the violation of the rights and legitimate interests of **a group of consumers** ... imposes penalty...".

"Part 1 of Article 49: the licensees, in accordance with the procedure defined by the Commission, elaborate programs of actions realizable under conditions leading to the unavoidable constraints of electric energy, thermal energy and natural gas supply, which are also to reflect the terms of priority of energy supply of **certain consumers**. The Government of the Republic of Armenia defines the list of such consumers each year till October 1 ...".

Taking into consideration that "a group of consumers", "certain consumers" and similar terms are highly evaluative and contemplative, ***those terms need clarification in the above mentioned Law and in the remaining provisions as well***.

- **Points 2.8, 3.9, Subparagraphs "d" and "e" of Point 3.19, the 1st sentence of Point 4.14, the 5th sentence of Point 8.3 of the "Rules of Natural Gas Supply and Use" approved by Decree N 95-N of July 8, 2005 of the Public Services Regulatory Commission of RA, respectively define the following**:

"2.8. The Supplier is obligated to minimize **the number of gas supply interruptions** for each Consumer and the duration of interruptions. Thus, **the number of interruptions should not exceed 4 during the calendar year**, and the maximum duration of each interruption is 36 hours, unless the interruption is a result of force majeure".

3.9 The Supplier is obligated **to inform** on the emergency dispatch service telephone number **not less than twice a year via the mass media"**.

"3.19. For ensuring the safety of the gas consumption system:

d) the Supplier is obligated to publish memos and provide them to Consumers free of charge, repeating the process **at least once in three years**;

e) the Supplier is obligated to inform the Consumers on the rules of safe use of gas via the mass media **at least twice a year"**.

"4.14. In case of the breach of the commercial metering device, when the breach of the commercial metering device, specified by the conclusion of the Metrological Body, according to the Supplier is conditioned by the Consumer's intentional actions and it is **the first case** of breach of the commercial metering device **during the last two years**, the Supplier has the right to demand from the Consumer to pay a penalty in the amount of the cost of the recalculated gas".

"8.3 5) Give the Consumer an opportunity to get acquainted with the information specified in Subparagraph 3 of this Point **at least for the last year** electronically free of charge through his web site".

The Rules do not clarify **the procedure of fixation and counting, respectively**:

- **"number of gas supply interruptions"** during the calendar year;
- the fact of **"informing twice a year"**;
- publication of memos and free provision to the Consumers **"once in three years"** as well as the provision of information to the Consumers on the rules of the safe use of gas **"twice a year,"** and the procedure the consumers are informed about it;
- **"the last two years"** and **"the first case"** during it;
- "**at least for the last year**".

The stated should be clarified in the abovementioned and all rest relevant provisions of the Rules.

- **The 3rd sentence of Point 2.18 of the "Rules of Natural Gas Supply and Use" defines the following: "The representatives of the Supplier are obligated to observe the internal regulations of the Consumer in the territory of the Consumer (user)"**.

Meanwhile, the Consumer's internal regulation is not approved, such a gap is subject to elimination.

- **The 1st sentence of Point 4.4, Subparagraph 5.5.5.1, Point 10.16 of the "Rules of Natural Gas Supply and Use" respectively define the following**:

"4.4. The Supplier is obligated to notify **the Consumer**, at least 3 working days in advance **in writing** (including via telephone message or electronic means of communication), about the time period of the dismantlement of the commercial metering device, regular or extraordinary metrological testing".

"5.5.5.1. In the case referred to in Subparagraph "e3" of Point 5.5 of the RGSU, the Supplier before the termination of the gas supply should notify the Consumer at least 3 working days in advance about it **in writing** (including via telephone message or electronic means of communication)".

"10.16 All the mentioned notifications, suggestions and agreements referred to in this Chapter the Supplier carries out **in writing**".

The Rules do not clarify which mechanism the notification of the Consumer **"in writing"** should be expressed and guaranteed".

The stated should be clarified in the above mentioned and all remaining relevant provisions of the Rules.

- **The 2nd and the 3rd sentences of Point 4.4 of the "Rules of Natural Gas Supply and Use" define**: "The Supplier has the right to dismantle the commercial metering device without notifying the Consumer in advance, if he has apparently detected that the Consumer consumes natural gas with a breach of the commercial metering device. In such case, the Supplier is obligated to **notify** the Consumer **immediately, at the earliest opportunity** on the dismantlement of the commercial metering device in the ways mentioned in this Point and submit his substantiations of the apparent breach of the commercial metering device".

The phrase "**to notify immediately at the earliest opportunity**" is highly subjective and does not define exactly in what time-period that notification should be accomplished.

The stated should be clarified in the abovementioned and all the remaining relevant provisions of the Rules. Moreover***, it is necessary that the Rules define that the Supplier should submit his substantiations for the apparent breach of the commercial metering device to the Consumer in writing, at the same time defining by the abovementioned and all relevant provisions of the Rules, by which mechanism the notification of the Consumer "in writing" should be expressed and guaranteed"***.

● **Point 4.5 of the "Rules of Natural Gas Supply and Use", defines the following**:

"4.5**. The Consumer has the right to require** that the Supplier performs any work related to the commercial metering device, including its dismantlement or metrological testing, in his presence within a mutually agreed time period, but not later than within 3 working days of the date of the notification by the Supplier **in writing** (including via telephone message or electronic means of communication). In case of non-appearance of the Consumer within the time period defined in this Point, being properly notified on the dismantlement or metrological testing of the commercial metering device, these works are carried out **without the presence of the Consumer**".

The requirement of the Consumer to be present at any work related to the commercial metering device, including its dismantlement or metrological testing, besides the Consumer's right, should be also the Supplier's obligation. ***The stated should be defined by Rules, at the same time, by the abovementioned and all the rest relevant provisions of the Rules define by the application of what mechanism the notification of the Consumer "in writing" should be expressed and guaranteed.*** Moreover***, the 2nd sentence of Point 4.5 of the Rules can be complemented with the following words: ", but with the participation of at least 2 unconcerned adults"***.

● **The 1st and 2nd sentences of Subparagraph "b" of Point 4.6 of the "Rules of Natural Gas Supply and Usage" define the following**:

●"4.6. In case of dismantling the commercial metering device being proprietary of the Supplier or the Consumer for the purpose of its replacement or metrological testing, the Supplier should:

b) draw up a protocol (act) on reading the commercial metering device, its integrality or damage, which is signed by the Supplier and the Consumer. In case the Consumer disagrees with any provision of the protocol, a relevant note is made in the protocol describing the reasons for the disagreement".

The relevant provision of the Rules can be complemented with the following content: "In the same way, a relevant note is made in the protocol (in the act) on the refusal of the Consumer to sign the protocol (the act) as well as its reasons (in case of submitting thereof)".

● **Subparagraph "e2" of Point 7.3 and Subparagraph "e2" of Point 5.5 of the "Rules of Natural Gas Supply and Use", define the following**:

"5.5. The Supplier has the right to interrupt, terminate or restrict the gas supply of the Consumer in the procedure defined by the Contract:

e2) In case of removal of the seal of the valves of the gas incoming line of the gas consuming device by the Consumer, without **duly notifying** the Supplier, stamped in accordance with the procedure defined by Point 5.4 of RGSU, ..."

"7.3. The Supplier has the right to interrupt or terminate the gas supply of the Consumer:

e2) In case of removal of the seal of the valves of the gas incoming line of the gas consuming device by the Consumer, without **duly notifying** the Supplier, stamped in accordance with the procedure defined by Point 7.8 of RGSU, ..."

The Rules do not define by the application of which mechanisms the Consumer should "duly notify" the Supplier on the removal of the seal of the incoming gas line of the gas consuming device stamped in accordance with the defined procedure. The stated should be clarified in the abovementioned and all relevant provisions of the Rules.

● **Point 3.10, the 1st sentence, Subparagraphs 5.7.2, 5.7.4 of Point 4.7, the 2nd sentence of Point 7.4, the 1st sentence of Point 8.7 of the "Rules of Natural Gas Supply and Use" respectively define the following**:

"3.10. In emergency cases wherein the gas consumption system threatens lives, people's health, or the environment, the Consumer is obligated to interrupt the gas consumption immediately and notify the Supplier. The Supplier is obligated to terminate the gas supply of the

Consumer as soon as possible after the receipt of the alert. After the termination of gas supply in emergency cases of the gas consumption system of the resident or the organization located in the multi-apartment building, the Supplier should take measures to restore the gas consumption system in accordance with the Service Agreement".

"4.7. **In case of doubt** of the work accuracy of the commercial metering device, a regular or extraordinary metrological testing of the commercial metering device is conducted".

5.7.2. In the case referred to in Subparagraph "b" of Point 5.7 of the RGSU, the termination of gas supply is made within the **reasonable time period** suggested by the Consumer".

"5.7.4. In the cases referred to in Subparagraph "f" of Point 5.7 of the RGSU, the termination of the gas supply is made within the time period defined by instruction, warning the Consumer **directly before** gas supply termination".

"6.8. … The Consumer should **reasonably substantiate** the cost of the disputed part of gas consumed by him, submitting the substantiations in writing to the Supplier".

"7.4 ... The Supplier is obligated to notify the Consumer on the reasons of interruption of the gas supply and the time of restoration **in a possible tight timeline**".

"8.7. The Supplier should not terminate the gas supply of the resident-consumer if the latter submits **payment guarantees on favorable terms for the Supplier** or makes a debt discharging schedule with him".

"8.8. … The Consumer should **reasonably substantiate** the cost of the disputed part of gas consumed by him, submitting the substantiations in writing to the Supplier".

Taking into consideration the fact that, "**within a possible short time period**", "**in case of doubt**", "**reasonable time period**", "**directly before**", "**reasonably substantiate**", "**in a possible tight timeline**", "**payment guarantees on favorable terms for the Supplier**", "**reasonably substantiate**" and similar terms are highly evaluative and subjective, ***they need clarification both in the above-mentioned as well as all the rest relevant provisions of the Rules, and in case of specifying the terms also define the maximum and minimum limits of those terms***.

- **Point 10.15 of the "Rules of Natural Gas Supply and Use" defines**: "10.15 The Commission, for the purpose of balancing the interests of the Consumer and the Supplier, as well as proceeding from the volume of works necessary for the connection of the new gas consumption system to the gas supply network, **in particular cases can accept tailored solutions on the basis of the application of the Supplier or the applicant on the connection of the new gas consumption system to the gas supply network**".

It is highly subjective the circumstance of accepting a decision "**in particular cases, can accept tailored solutions on the basis of the application of the Supplier or the applicant on the connection of the new gas consumption system to the gas supply network**", which can lead to various comments and corruption risks.

The stated should be clarified in the abovementioned and all relevant provisions of the Rules.

- **Point 10.1.3 of the "Rules of Natural Gas Supply and Use" defines**: "10.1.3 **The duration of validity** of the technical specifications **is defined one year**, unless otherwise is not envisaged therein".

The Rules are undefined, and it is incomprehensible from **which point the calculation** of the duration of validity of the technical specifications **begins**: from the moment of signing those technical specifications, or the moment of their submission to the consumer or the notification on it.

The stated should be clarified in the abovementioned and all relevant provisions of the Rules.

- **The 3rd sentence of Point 10.1.4, the 3rd sentence of Point 10.2.1 of the "Rules of Natural Gas Supply and Use" define**: "The works of intra-connection of the

constructed gas-pipe, under the order of the applicant, and the gas supply network should be carried out **under the supervision and participation** of the Supplier".

The Rules do not define the mechanisms by which **"the supervision"** over works of intra-connection of the constructed gas-pipe and the gas supply network should be carried out by the Supplier, as well as to ensure **"the participation"** of the Supplier in the same works.

The stated should be clarified in the above mentioned and all relevant provisions of the Rules.

- **Point 12.1.3. of the "Rules of Natural Gas Supply and Use" defines**: "12.1.3 The Supplier is obligated to respond to the Consumer's application within 10 working days of its receipt, unless otherwise another time period is not defined, for particular cases by these Rules".

The Rules do not define to **what form (writing, oral, via telephone call)** of the submitted application the Supplier is obligated to answer within 10 working days of its receipt.

The stated should be clarified in the abovementioned and all relevant provisions of the Rules.

In spite of the stated amendments and additions in the abovementioned proposals, it should be necessary also to make appropriate improvements in the model form of the contracts on natural gas supply (Supplier-Consumer (resident).

It is also expedient to define (approve) by the Rules the procedures and terms of the metrological testing of commercial metering devices made by the Metrological Body, by ensuring and guaranteeing initially the legal organizational procedure of the Consumer's direct participation in the process; this includes the provision of the implementation of the breakup of the lead seal of the device and the opening of the device only in the presence of the Consumer etc.

Taking into consideration the fact that similar deficiencies, shortcomings and gaps interrelated to the protection of the rights of consumers are also available in the "Rules of Electric Energy Supply and Use" approved by Decree No 358-N of December 27, 2006 and "Rules on Rendering Services of Drinking Water Supply and Drainage (Sewage Disposal)" approved by Decree No 378-N of November 30, 2016 of the Public Services Regulatory Commission of RA, it is expedient to make accordant amendments and additions in the above-mentioned legal acts as well.