



## Global Regulatory Network Program

Activity:	Global Regulatory Network Program
Program Area:	Energy Sector Governance
Implementer:	National Association of Regulatory Utility Commissioners
Geographic Focus:	Global
Duration:	September 2002 – September 2007

### Project background

In October 2002, USAID and the National Association of Regulatory Utility Commissioners (NARUC) created a Global Regulatory Network (GRN). The new Global program will allow USAID and NARUC to promote better understanding of complex regulatory issues faced by public utility regulators in Africa, Latin America and Asia. Through the global program, USAID and NARUC work with the Regional Energy Regulators Association of Southern Africa (RERA), the African Forum of Utility Regulators (AFUR), the Organization of Caribbean Utility Regulators (OOCUR), ADERASA (South American Water Regulators' Association), and a number of other regulatory associations and regulatory bodies.

### Objective

The objective of the GRN is to create a means and structure whereby regulators from the developing world can discuss

mutual challenges and share best practices with their counterparts from the region, the US, other donors and energy sector participants. The GRN Program will increase capacity development of individual national utility regulators and associations of regional regulators in the energy, telecommunications, and water sectors.

### Approach

USAID and NARUC will coordinate with regulators and associations of regulators to create forums for information sharing and transfers of experience. These activities create a unique opportunity for regulators to focus on increasing their autonomy, transparency, and effectiveness. All of the workshops, conferences, training programs, and other activities will be developed by USAID and NARUC in close consultation with regulators from the various target regions. In addition, participants are expected to cost-share their participation.



## Project Activities

USAID and NARUC have planned the following types of activities under the GRN Program:

### **Annual Meeting**

In June 2003, NARUC implemented the first Annual Global Regulatory Network Conference, co-hosted by the Regional Energy Regulators Association, in Namibia. The agenda was created in consultation with energy regulators from the SADC region, focusing on the autonomy and authority of the regulator, public benefits, the economics of tariff design, cross-border trade, regional markets, etc. The conference also provided delegates with numerous opportunities to share their experiences. The conference included delegates from more than a dozen countries, including representatives from the following associations: RERA (Southern Africa), AFUR (all of Africa), ERRA (Eastern Europe), OOCUR (Caribbean), and NARUC, providing an international forum for the exchange of experience.

For 2004, will hold the next Annual Global Regulatory Network Conference in Western Africa, with an agenda designed to address the issues confronting African energy regulators as well as the perspectives of regulators from around the world.

### **Technical Workshops and Training**

NARUC organizes technical meetings, focused workshops and roundtable discussions in Africa, Asia, and Latin America. Specific meeting topics are

defined by the participants and cover topics such as: tariff and rate design, third-party access, deregulation, commission administration and management, regional/cross-border trade, competition, licensing, dispute resolution, privatization, investment, harmonization, or market design.

In May 2004, NARUC and the University of Capetown held an Independent Power Producer/Power Purchase Agreement (IPP/PPA) workshop for the SADC region, co-hosted by the Regional Electricity Regulators Association/Southern Africa and the African Forum for Utility Regulators. This workshop addressed lessons learned from regulatory experiences with IPP and PPAs, and served as a tutorial for countries that are considering promoting investor owned generation facilities.

In June 2004, NARUC held a seminar on the Role of Administrative Law in Utility Regulation jointly with the Organization of Caribbean Utility Regulators.

In the fall of 2004, NARUC, in cooperation with RERA, AFUR, the University of Capetown, and the University of Florida's Public Utility Research Center (PURC) will provide weeklong in-region courses for regulatory staff in Southern Africa. The "Fundamentals Course" is designed from the feedback of regional associations and will focus on increasing the capacities of regulatory staff and commissioners. In addition, NARUC is working with local universities to insure the sustainability and effectiveness of the courses.



### **Outreach and Information Exchange**

The program also includes a Global Regulatory Network Website with an emphasis on information exchange opportunities. Each quarter an e-newsletter updates regulators on sector issues and provides outreach to relevant parties such as USAID Missions, US regulators, and other countries whose regulatory bodies are not yet formalized.

In addition, USAID and NARUC assist regulatory associations and individual regulatory bodies in developing their websites and increasing public access to regulatory decisions and information.

### **Regulatory Partnerships**

USAID and NARUC implements several regulatory training partnerships between international regulators and US public utility commissions. These partnerships are designed as a vehicle for the exchange of experience and information between U.S. and international regulatory agencies with the goal of fostering long-term sustainable relationships between regulatory bodies in both countries.

### **Project Results**

The GRN focuses on the sharing of regulatory best practices, experiences, and information among regulators around the world. It seeks to improve institutional capacities for individual regulators and associations of regulators. Following each activity, USAID and NARUC conduct a survey evaluation to gather information on the most critical issues facing regulators and assess the benefits to each participant from the specific activity.

USAID and NARUC work with participants to promote the transfer of information from the participant back to his/her colleagues who were not able to attend the specific activity.

### **Development Impact**

By focusing specifically on the importance of an independent utility regulatory agency for a healthy utility sector, the GRN program provides a unique opportunity for participants to learn from their colleagues who are practicing regulators, thus encouraging an environment favorable to private sector development. As most developing countries work to improve the utility infrastructure, it is often the new utility regulator that faces significant political pressure from the government, the media, and public. The GRN program provides participant with opportunities to learn, exchange experiences, and increase their knowledge. The participants are able to select relevant ideas and practices to apply in their home country, while learning about the similar challenges that regulators around the world are facing.

### **Lessons Learned**

- Regulators can adapt rules, policies, legislation, and procedures from other regulators around the world; they do not need to start from the beginning.
- Regulators need semi-private forums where they can freely discuss key issues, challenges, and strategies for improving utility infrastructure where the mass media, government, and other stakeholders will not judge the



- discussions and ideas. At the same time, it is also important to engage other utility stakeholders in select activities to learn their issues and expectations and explain the regulator's approach.
- Regulators in developing and transitioning countries are facing similar issues to those in developed countries. Key topics around the world include: regional market development, energy trade and transit, universal access, tariff/pricing issues, low-income consumers, quality of service and supply, empowerment of the regulator, etc.
- It is vital to have the regulators in the region provide input on topics, issues, and themes for activities as well as the

best approach (i.e., seminar, workshop, training course). This ensures strong ownership and participation by the foreign regulators and they are best able to identify areas for improvement and advancement.

- It is important to work closely with regulators and other local institutions (e.g. universities) for all programs and to build upon what other donors and contractors are providing in the region, and to build local capacity. Often times the foreign participants perceive US programs to be single "fly-in fly-out" activities that do not provide any long-term capacity development to institutions in the region.

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