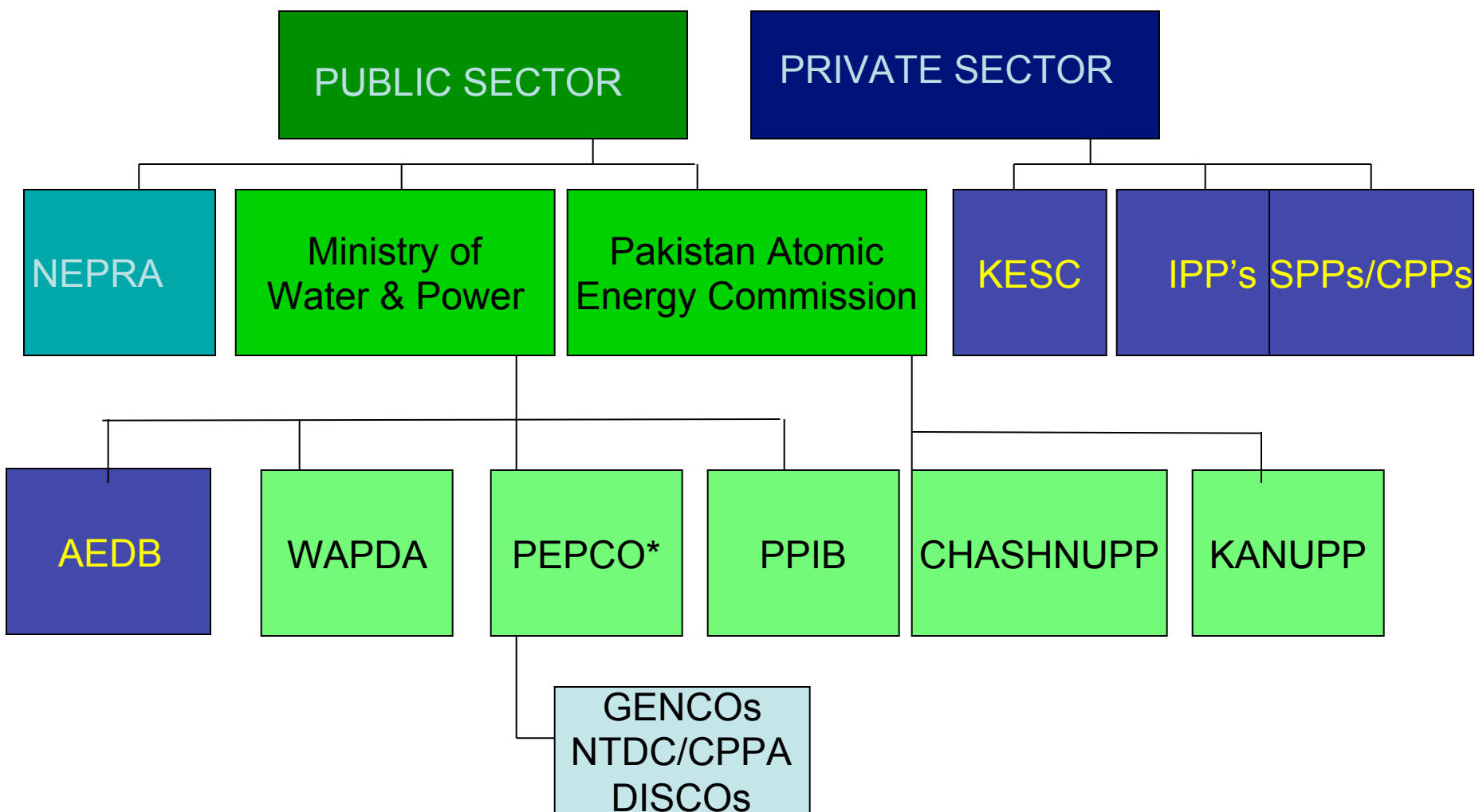


Role of NEPRA - Looking Ahead

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POWER SECTOR PLAYERS OF PAKISTAN



Why Regulators?

- **Regulator** is an independent entity, responsible for exercising autonomous authority in activities in supervisory capacity.
- Regulator is a custodian of consumer interest:
 - Codifies and enforces rules and regulations;
 - Ensures supervision or oversight for the benefit of the public at large;
 - Avoids the drawbacks of political interference.
 - Enforces standards

MANDATE

The mandate given to NEPRA included:

- To develop and pursue a Regulatory Framework that ensures provision of safe, reliable, efficient and affordable electric power to the electricity consumers of Pakistan.
- Facilitate transition from a protected monopoly service structure to a competitive environment.
- Maintain balance between the interests of the consumers and investors.

Working of NEPRA

- Tariff
- Licensing
- Standards
- Consumer Affairs

Role of NEPRA - Looking Ahead

1. To play its role effectively, NEPRA needs to be made more autonomous. Its advice needs to be binding on its licensees.
2. NEPRA has a delicate balancing act to play between safeguarding consumer interests by keeping tariffs at low level while ensuring sufficient incentives for the power suppliers and distribution companies.

Role of NEPRA - Looking Ahead

3. Till such time as the provinces generate, transmit and distribute their own electricity, NEPRA is the sole RA.

4. Need to ensure more involvement of provinces especially in distribution business to cut losses and improve recoveries.

Emerging Objectives of Power Sector Regulators

Emerging Objectives of Power Sector Regulators

1. The objectives of transparently ensuring least cost delivery at high quality and reliability remains the foundation of any regulatory framework.
2. The ever-present persistent pressure to ensure sustainable economic development and increased access of energy for the poor segments remains a valid consideration.
3. The regulation of power sector globally is undergoing dramatic changes due to a number of factors including technological advances and cost reductions in Renewable Energy, energy efficiency, demand management and climate changes.
4. The prioritization and harmonization of sometimes conflicting objectives is the real challenge of power sector regulation (for example, increased share of RE vis-à-vis cost of power).



Existing Objectives

Design and Manage Electricity Tariffs

Maintain System Reliability , Meet Demand Growth, and Expand Electricity Access

Ensure Financial Health of Utilities

Facilitate Private Investment

Protect the Interests of the Poor

Support Technical Safety and Reliability of Power System

Enhance Energy Security and Manage Risk

Emerging Objectives

Reduce Health and Environmental Impacts of Power System Operation

Meet Rapidly Growing Demand While Minimizing Environmental Impacts and Risk

Support Procurement of Renewable Energy

Integrate Renewable and Distributed Generation Resources to the Grid

Incentivize Energy Efficiency, Demand Side Management and Smart Grid Technologies

Utilize Microgrid Technology

Facilitate Consumer Participation in Power Markets

Enhance Cybersecurity and Protect Privacy

Manage Increased Interactions with Other Sectors

Emerging Objectives of Power Sector Regulators (Cont.)

5. Need for a more meaningful public participation in NEPRA hearings preferably supported by expert groups to highlight their concerns and viewpoints.
6. Need for an enhanced consumer voice and satisfaction in regulatory processes. In the USA consumer interest is better protected, e.g. State Consumer Advocates (SCA) and Gross Roots Advocates (GRA) help to promote and advocate interests of small advisory consumers and groups of consumers before power sector regulators. Such SCAs, over the years, have made effective interventions in promoting and safeguarding consumer interests.
7. Australia, too, requires its Transmission/DISCOs to demonstrate “Extensive and genuine community participation” before considering any proposal.

Emerging Objectives of Power Sector Regulators (Cont.)

8. It also helps consumers' participation in regulatory proceedings through specially set up Consumer Challenge Panels (CCP) consisting of its consumer experts. A National Consumer Advisory body has also been set up.

9. Effective voice of consumer requires:
 - i) Space for deliberations in regulatory process
 - ii) Presence of well informed and assertive consumer groups
 - iii) A receptive regulator
 - iv) Non-interference by the Government

Role of NEPRA and 18th amendment

Role of NEPRA and 18th Amendment

- It is a misconception that 18th amendment had empowered provinces to generate electricity while they were restricted from doing so prior to 18th amendment.
- In fact, the provinces had the power to generate and transmit electricity as well as levy taxes or draw distribution preferences even before 18th amendment.
- However, 18th amendment has only reassured that no hydel projects will be constructed without consultation of relevant or provincial government.

Role of NEPRA and 18th Amendment

- Though provinces can set up projects but they cant issue guarantees required from financial close of the projects which can only be given by the Federal Government.
- In accordance with the 18th amendment, the subject of ‘electricity’ has been placed in the Federal Legislative list at entry no. 4, part II. This entry was earlier listed under the concurrent list but now under 18th amendment, the competent form for all decisions on electricity is the CCI (Council of Common Interest).
- 2002 Power Generation Policy allows provinces to develop projects for power generation. The 18th amendment further allows them to establish their own transmission and distribution companies and even power to levy taxes and determined tariffs for distribution devolved to provinces.



THANK YOU