



Governance in Electricity Sector

International Energy Regulatory Forum Kuala Lumpur, Malaysia

11- 12 October 2011

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Overview

- **Introduction**
- **Characteristics of Good Governance**
- **Regulatory Process**
- **Decision Making Process**
- **Conclusion**



Introduction

“What is Governance”

- Process of decision making
- Process in which decisions are implemented



Characteristics of Good Governance

a) Participation

- participation of all stakeholders
- informed & organized

b) Rule of Law

- fair legal framework
- enforced impartially

c) Transparency

- information freely available and directly accessible

d) Responsiveness

institutions and process to serve all stakeholders within reasonable time



Characteristics of Good Governance

e) Continued... Consensus Oriented

- Obtain broad consensus of the society

f) Equity & Inclusiveness

- all members of society feel that they have a stake in the process

g) Effectiveness & Efficiency

- process & institutions to meet the needs of society in efficient & effective manner

h) Accountability

- all institutions to be accountable to those who will be affected by decisions



Electricity Sector Governance

- **Policy Process**
- **Regulatory Process**
- **Decision Making Process**

Sri Lanka Electricity Sector

- **Policy** – Ministry of Power & Energy
- **Regulator** – Public Utilities Commission of Sri Lanka
- **Market Players** –
 - Ceylon Electricity Board (generation, transmission and distribution)
 - Lanka Electricity Company (distribution)
 - IPPs (generation)

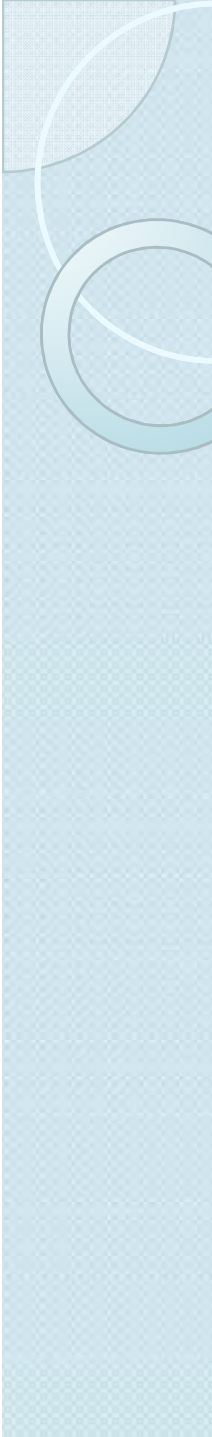
Regulatory process and Decision-making process are discussed here after in relation to Sri Lanka electricity sector Governance



Regulatory Process

a) **Institutional Structure**

- independent regulatory commission
- Established under Public Utilities Commission Act No: 35 of 2002
- Regulatory process on Electricity Sector through Sri Lanka Electricity Act No: 20 of 2009
- Public Utilities Commission of Sri Lanka (PUCSL)



Regulatory Process – Continued.

b) Authority of Regulator

- Information-

Full authority is given to acquire information through Acts

- Investigation

Through Public Hearing

- Enforce Compliance

Through enforcement orders

- Penalties for breach of order

Penalties specified in Act for non compliance



Regulatory Process – **Continued....**

c) Jurisdiction of Regulator

- clarity of jurisdiction

Clearly indicated in PUCSL Act & Electricity Act

- functions of regulator

Clearly stated in PUCSL Act & Electricity Act



Regulatory Process – Continued...

d) Selection

- **Independence of the process**

 - Minister of Policy Planning to appoint with concurrence of constitutional council

- **Criteria for composition & eligibility**

 - Experts in Engineering, law, business management essential

 - Balance from experts in economics, accountancy or administrative

- **Differing tenures**

 - Staggered appointments



Regulatory Process – Continued...

e) Preventing conflicts of interests

- financial interests

Cannot acquire any interest regulated industries
by law

- cooling off period

Period of 3 years after ceasing to be member of
commission

- re-appointment prohibited

Only two terms

Chairman only one term

Regulatory Process – Continued...

f) **Autonomy**

- **fixed tenure**

 - 5 years

- **financial autonomy**

 - Financed through regulatory levies

- **discretion over human resources**

 - Commission is empowered to appoint staff & exercise disciplinary control over staff

 - Commission is empowered to determine the terms & conditions of service of staff



Regulatory Process – **Continued...**

g) Appeal Mechanism

Any affected party can appeal a decision

Any affected party can appeal to court of appeal by Law

Appeals can be filed on procedural grounds or substantive grounds or both

On procedural grounds



Decision Making Process

a) **Clarity about Regulatory procedure**

Procedural certainty

Clearly mentioned in “Regulatory Manual”
required by law

Clarity about the basis of decisions

Decisions of the Commission shall be given with
reasons - legal requirement



Decision Making Process -

Continued...

b) Public access to information

Public availability of information

**All information, unless classified as confidential,
shall be available to public**

DECISION MAKING PROCESS -

Continued...

c) Procedure for public access to information

simple, well- defined procedure for inspecting/obtaining documents

reasonable cost

wide dissemination of information



Decision Making Process -

Continued...

d) Public participation in the regulatory process

Proceedings open to the public

Public Hearings and stakeholder consultations are open to public

Public has the right to participate

Right to participate by law

Decision Making Process -

Continued...

e) Institutional mechanism for representing the interests of weaker groups

support for weaker stakeholders to represent themselves

Support for weaker stakeholders through Consumer Consultative committee established under PUCSL Act

Decision Making Process -

Continued...

f) Orders & Decisions of the Regulator

Legal requirement that orders /decisions include explanation / reasoning

Legally required that all orders/ decisions of the commission shall include reasoning



Decision Making Process -

Continued...

g) Dissemination of decisions

- Easy availability**
- Timely availability**
- Local language**
- Help in understanding decisions**



THANK YOU.....