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ANNUAL REPORT

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I. PROGRAM DESCRIPTION

The Enhancing Sustainable Utility Regulation (ENSURE) program creates a means and structure whereby regulators from the developing world can discuss mutual challenges and examine best practices with their counterparts from the U.S. This NARUC/USAID Cooperative Agreement serves the international regulatory community by offering the ability to interact with counterparts through information and peer-to-peer exchanges between regulatory bodies and associations from around the world and across multiple sectors: energy, water, and telecommunications. As the U.S. boasts a history of multi-sector regulators, NARUC's members are ideally suited to discuss complex regulatory practices with foreign regulators from each of the utility sectors.

II. SUMMARY OF ACTIVITIES

a. Task 1. Bilateral Partnerships

i. Jordan-Colorado Partnership

- Two Jordanian Energy Regulatory Commission (ERC) staff attended the NARUC Utility Rate School in Clearwater Beach, FL, November 2-6, 2009.
- Two Jordanian ERC staff attended the PURC/World Bank International Training Program on Utility Regulation and Strategy in January 2010.

NARUC conducted a peer review in April 2010 sending two NARUC volunteers (one Colorado Commissioner (CO PUC) and an Administrative Law Judge) to Jordan for one week to discuss a variety of issues, including renewable energy, organizational structure of the ERC, and licensing.

In May, the third Partnership Exchange was held in Amman. This exchange focused on renewable energy, particularly on Jordan's new Renewable Energy Law, developments in Colorado's RE Law, as well as the issues of licensing and concessions. The presentations and sessions for this exchange continued to touch upon some of the major themes of the partnership including renewable energy, energy efficiency, and monitoring.

In June, two senior staff from the ERC traveled to Denver for an internship on licensing issues with the CO PUC.

In July 2010 NARUC held the Jordan Renewable Energy Pricing Workshop in Amman, Jordan. The workshop was co-hosted by the Jordanian ERC with a workshop facilitator from Pierce Atwood, authors of NARUC's RE Handbook,



Figure 1: Jordan RE Workshop, July 2010

and two NARUC volunteers as presenters. Workshop participants included key energy stakeholders in Jordan, namely the Ministry of Energy and Mineral Resources, National Energy Research Center, Ministry of Environment, Ministry of Planning and International Cooperation, the main generation utility, and each of the

transmission and distribution utilities servicing Jordan. The workshop served as a unique forum for the participants to discuss strategies for meeting Jordan's RE goals under the 2010 RE/EE Law as well as debate the pros and cons of pricing mechanisms to promote RE. At the conclusion of the workshop, all participants agreed that feed-in tariffs may be a potential fit for Jordan and that further research was needed to explore this option.

ii. Nigeria Partnership

NARUC facilitated the participation of three Nigerian Energy Regulatory Commission (NERC) staff from the finance department at the Utility Rate School, in Clearwater Beach, FL, November 2-6, 2009. As NERC begins a major overhaul of its multi-year tariff order (MYTO), the rate school enabled NERC staff to learn specific ways to improve its MYTO calculation. These included a review of the uniform system of accounts, proper debt-to-equity ratio, adjustment of operating costs and revenues, etc. At NARUC's request, the NERC delegation wrote a report on their activities at rate school and also held a seminar with their colleagues to share what they had learned, in order to maximize the effectiveness of this capacity building opportunity.

The fourth partnership exchange took place during June 28 – July 2, 2010, in the U.S. This activity was very hands-on for the NERC delegation, which had five site visits during the exchange to see how the Michigan Public Services Commission (PSC) policies are actually implemented. For example, given NERC priority on wholesale markets, they spent a day at the Midwest Independent System Operator (MISO) learning about RTOs/ISOs in the U.S. Other topics included finance, technical quality, accounting, and renewable energy.



Figure 2: NERC U.S. Partnership Exchange, June 2010

NARUC implemented a bilateral partnership activity between the Michigan PSC and NERC on September 20-24, in Abuja. The partners met to discuss customer choice, data collection, administrative, and accounting issues. Among the recommendations regarding consumer choice were:

- Reinforce rule making and enforcement authority
- Internally develop Customer Choice rules, guidelines and business practices
- Solicit input from outside parties to modify and enhance the program
- Establish penalties and enforcement measures (first time warning/fine; second time fine/other; etc.)
- Establish clear procedures to hear complaints and administer remedies/penalties
- Apply an approach for stranded asset recovery

b. Task 2. Training and Capacity Building for National Regulatory Agencies and Regional Regulatory Associations

i. RERA (Regional Electricity Regulators Association of Southern Africa)

NARUC assisted RERA in developing a new website. The previous RERA website was not functioning for the past few years and was an immediate need for the Association. NARUC worked with RERA to ensure the website is a useful tool and that RERA has the ability to update and maintain the resource without NARUC's help in the future (<http://www.rerasadc.com/index.cfm>)

Additionally, NARUC planned to support RERA's New Commissioner training in May and Winter School in July. However, for various reasons, RERA decided to postpone these activities until a later date. From discussions with RERA it appeared they did not have sufficient staff support to carry out these programs at that time. RERA worked on hiring additional support over the last year, but it has turned out to be a lengthy and cumbersome process.

ii. ACERCA (Association of Central American Energy Regulators)

The 3rd ACERCA/NARUC partnership took place in Antigua, Guatemala, February 4-5, 2010. NARUC volunteers presented to ACERCA on a variety of issues, including: ethics and best practices of a regulator, retail competition, transmission planning, and promoting renewable energy investments.

NARUC supported and provided expertise at ACERCA's four committee meetings. The Committees identified regional projects during their respective meetings:



Figure 3: ACERCA General Assembly Meeting, Feb 4-5, 2010

1. Committee on Quality (May 6-7, 2010, Panama City, Panama): *Compilation of Quality Standards in Central America* (1st draft of study completed August 2010)
2. Committee on Wholesale Markets (May 20-21, San Salvador, El Salvador): *Monitoring the Variable Costs of Generation across Central America*
3. Committee on Tariffs (July 2010, Costa Rica): *An Analysis and Benchmarking of Tariffs Methodologies in Central America*
4. Committee on Energy Efficiency (July 2010 (Honduras): *Creating a Common Energy Efficiency Standard for CFLs across Central America*

iii. AFUR (African Forum for Utility Regulators)

NARUC planned on sending two U.S. expert volunteers to participate in AFUR's annual meeting, April 19-22, 2010. Due to a volcanic eruption in Iceland, travel to Africa (through Europe) was cancelled. Both U.S. participants were able to give their presentations to the conference via a video conference. The discussion topics focused on the challenges

presented by the economic downturn on infrastructure development and development of the renewable energy sources.

iv. Peer-to-Peer Association Development Roundtable

NARUC held the 1st Peer-to-Peer Roundtable meeting in March 18-19, 2010, in Budapest, Hungary. Regional associations including Energy Regulators Regional Association (ERRA), Association of Central American Energy Regulators (ACERCA), African Forum for Utility Regulators (AFUR), attended. RERA participated via Skype. The Organization of Caribbean utility Regulators (OOCUR) was invited, but unable to attend due to a last minute scheduling conflict.

c. Task 3. Technical Workshop

i. Renewable Energy Handbook

NARUC reached out to national regulators via regional regulatory associations across several continents. Case studies were drafted for Armenia (small hydropower), El Salvador (geothermal) and Guatemala (distributed generation). Later, as the second stage, NARUC worked with Pierce Atwood on case studies by national regulators from Jordan, Philippines, Namibia, and Egypt. The cases were circulated to NARUC and USAID for comments.

After case studies were completed, Pierce Atwood and NARUC worked on the Executive Summary, finalizing the main text, and branding the Handbook according to USAID requirements. Upon review of the draft case studies, however, it was decided that the format and goal of the summary and main text should be revised to reflect the experience of the regulator in a narrative form, rather than supply background information. NARUC has prepared a strategy, pending approval from USAID, to address these issues and finalize the case studies by the end of 2010.

ii. Renewable Energy Workshops

In August 2010, NARUC organized a Latin America and Caribbean regional workshop in San Jose, Costa Rica entitled “Promoting Renewable Energy Development: An Introductory Workshop for Energy Regulators.” The workshop was co-hosted by ACERCA and ARESEP (Costa Rican regulator) and was held back-to-back with an ACERCA Energy Efficiency Committee Meeting to encourage ACERCA member participation. The workshop was the first of its kind, bringing together regulators from nine different countries across the Latin America and Caribbean region to discuss regulatory tools for the promotion of RE. Participants were provided an overview of regulatory tools and policies to promote RE along with examples and case studies from the U.S. and Europe. The participants then provided in-depth reports on the framework for RE in their countries and the national policy goals that underlie those initiatives.

d. Task 4. Information Dissemination

i. Mission Outreach:

- NARUC continued to work with the USAID Nigeria to secure funding for the future Nigeria-Michigan partnership.
- Jamaica: NARUC explored the possibility of a partnership with the Jamaican Office of Utilities Regulation as per interest from the Office and the Ministry of Energy and Mining.

- NARUC continued to engage with the West Africa regional Mission about funding a joint ERERA-WAGPA-NARUC partnership. NARUC presented a formal proposal to USAID/West Africa. Indications from the mission were that they wanted to begin funding activities during FY11.
- NARUC was contacted by the USAID/East Africa Mission about possible funding for cooperation with the East Africa Power Pool.
- NARUC held discussions with the Millennium Challenge Corporation regarding potential cooperation with the Malawi Energy Regulatory Authority (MERA). The feasibility of using the ENSURE Cooperative Agreement to deliver funds was investigated if the partnership moves forward.

ii. ENSURE Brochure

NARUC prepared an informative brochure introducing the ENSURE program to USAID and international regulatory agencies.

iii. Website Updates

NARUC developed and launched an ENSURE website.

iv. Proposed/Planned Activities

NARUC developed a proposal to pursue the production of an Energy Efficiency Handbook for Regulators in Developing Countries, a complimentary document to the RE Handbook. Having received the final version of the Energy Efficiency Report from the International Confederation of Regulators in late June 2010, NARUC is considering building upon this collaborative effort in their proposal for the EE Handbook.

III. Achievements/Highlights of ENSURE from FY10:

- Jordan: Held a workshop on RE pricing, with 30 participants from different organizations, including the regulator, ministries, and industry, generating strong interest in feed-in-tariffs.
- Nigeria: As a result of focused discussion on consumer affairs, NERC opened a branch office in Lagos (with plans to open 5 more in Nigeria) to handle consumer complaints. Additionally, NERC convinced PHCN to open consumer complaint hotlines, which are now published in local newspapers.
- The RE Handbook is nearing completion and being prepared for distribution to regulators around the world.
- Stemming from the RE Handbook, NARUC organized a pilot RE workshop in the Latin America/Caribbean region with 26 participants from 8 different countries.
- Five associations participated in the 1st Peer-to-Peer Association Development Roundtable. As a result, participating associations drafted guiding documents such as a code of ethics, and conflict of interest.
- All four ACERCA Committees formally met in 2010, providing capacity building to 99 energy stakeholders in Central America (primarily regulators). All committees selected regional projects which will lead toward greater harmonization and benchmarking in the region.

Constraints: Completion of the RE Handbook was delayed due to a need to refine case studies.

IV. USAID PERFORMANCE INDICATORS

FY 10 Indicators for ENSURE	EGAT		Jordan		Nigeria	
	Number of people receiving USG supported training in energy related policy and regulatory practices	<i>men</i>	85	<i>men</i>	22	<i>men</i>
<i>women</i>		27	<i>women</i>	1	<i>women</i>	12
TOTAL		112	TOTAL	23	TOTAL	35
Number of people receiving USG supported training in technical energy fields	<i>men</i>	25	<i>men</i>	26	<i>men</i>	2
	<i>women</i>	2	<i>women</i>	4	<i>women</i>	1
	TOTAL	27	TOTAL	34	TOTAL	3
Number of energy agencies, regulatory bodies, utilities and civil society organizations undertaking capacity strengthening as a result of USG assistance						
	TOTAL	16	TOTAL	9	TOTAL	1
Number of people receiving USG supported training in global climate change including in clean energy technologies (mitigation)	<i>men</i>	25	<i>men</i>	20	<i>men</i>	n/a
	<i>women</i>	2	<i>women</i>	4	<i>women</i>	n/a
	TOTAL	27	TOTAL	24	TOTAL	n/a

ENSURE INDICATORS FY10 TOTAL AND FY11 TARGETS (EGAT Funds only)

Number of people receiving USG supported training in energy related policy and regulatory practices

FY 10 TOTAL: 139 (110 males, 29 females)

FY 11 Target: 100 (75 males, 25 females)

Number of energy agencies, regulatory bodies, utilities and civil society organizations undertaking capacity strengthening as a result of USG assistance

FY 10 TOTAL: 16 institutions

FY 11 Target: 20

FY2010 In Kind Services for EPP-A-00-09-00001-00 (Oct 1, 2009-Sept 30, 2010)	
ENSURE/USAID/EPP-A-00-09-00001-00	
Total In-Kind Revenue	

For FY10 Reporting (excludes Mission Funded Activities)

OMS (Iowa)	\$3,851.82
Wisconsin PUC	\$2,780.44
Wisconsin PUC	\$5,714.42
New York PSD	\$3,355.00
Idaho PUC	\$1,936.00
Utah PSC	\$3,709.83
Wyoming PSC	\$2,777.59
Texas PUC	\$6,124.50
California PUC	\$732.00
FY 10 Total	\$30,981.60
FY 11 Target:	\$40,000.00