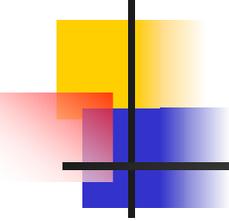


Creation and Management of a Regulatory Commission/Agency

Key Characteristics of a Regulatory Commission

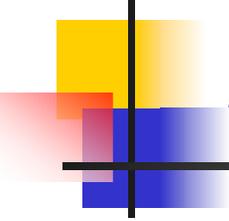
Implementation Module A.1

Ron Eachus



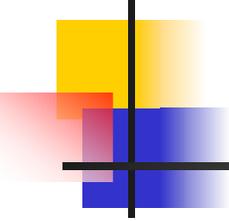
Key Characteristics of a Regulatory Commission

- Autonomy
- Authority
- Accountability
- Organizational Structure



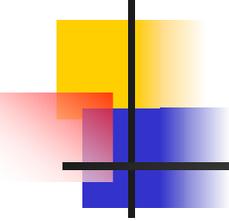
Autonomy

- Objectives:
 - Independence
 - Sufficient Resources
- Indicators:
 - Appointments Process
 - Financing & Budget
 - Removing/Replacing Commissioners



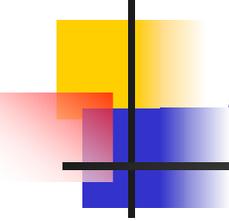
Independence

- Does the Commission make decisions on licensing/tariffs or are those decisions subject to approval by the Minister or another government body?
- Can the Commission make decisions based upon an objective analysis of the record or can it be unduly influenced by outside forces?



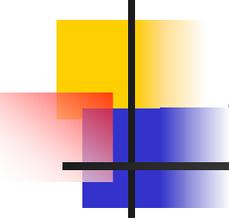
Resource Sufficiency

- Does the Commission have access to sufficient resources to carry out its duties?
- Is the resource base stable over time?
- Can it attract necessary professional staff?
- Can the budget be used as political leverage to influence Commission decisions or reduce effectiveness?



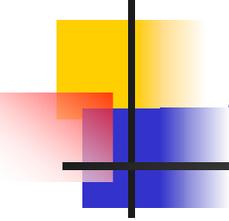
Autonomy Indicators

- Appointments Process
 - Is the appointment made by the President or other high level executive?
 - Are there professional or background requirements?
 - Are the terms staggered to avoid sudden wholesale changes?
- Financing & Budget
 - Is the financing through general tax dollars or license fees?
 - Who approves the budget?
 - Is salary scale sufficient to compete with private sector and regulated companies for skilled personnel?



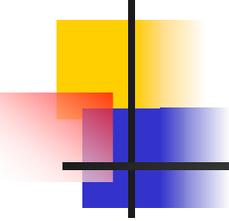
Autonomy Indicators

- Removing or Replacing Commissioners
 - Does the law spell out the circumstances, authority and process?
 - Is removal limited to “just cause” or can a Commissioner be replaced in mid-term because of political and policy disagreements?
 - Is there a “Code of Ethics”?



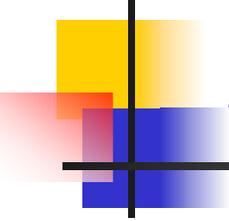
Authority

- Objectives:
 - Full Authority
 - Without undue influence
 - Issue license/tariffs
 - Protect customers
 - Provides stability for companies
 - Assures reliability/quality
- Indicators:
 - General Legal Framework
 - Tariff Authority
 - Licensing Authority/Process
 - Market Design/Monitoring
 - Information Collection/Enforcement



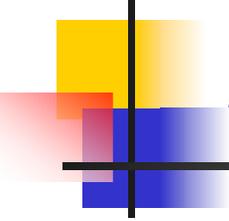
Breadth of Authority

- Does the Commission make final decisions or are they subject to approval of another government body other than the courts?
- Can they make decision without undue influence of the industry or other political pressures?
- Does the authority cover sufficient range of activities to enable effective regulation?



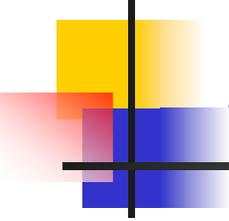
Authority Indicators

- General Legal Framework
 - Do the laws provide sufficient detail and clarity on the role of the regulator and other government bodies?
 - Do other government bodies have regulatory authority over parts of industry?
- Tariff Authority
 - Does the Commission set the tariffs or are they subject to approval of another governmental body?
 - Is the general methodology up to the Commission or is it specific in law or by another body?
 - Can the Commission establish a relationship between the tariff and service quality



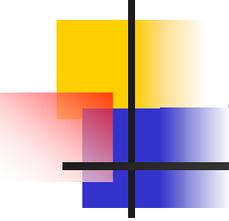
Authority Indicators

- Licensing
 - Does the Commission have authority to issue, amend and cancel licenses?
 - Does the Commission have the authority to establish terms and conditions such as service quality requirements?
 - Is it clear which participants must have licenses?
 - Are license guidelines published and is there provision for public participation?



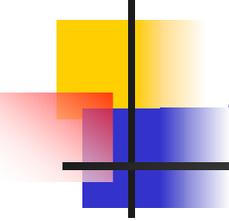
Authority Indicators

- Market Design and Monitoring
 - What role does the Commission play in relation to competition and privatization?
 - Does it monitor the market and participants?
 - Does it have sufficient authority to collect necessary data from all market participants?
 - What authority does it have if it finds abuse or the potential for abuse in the market?



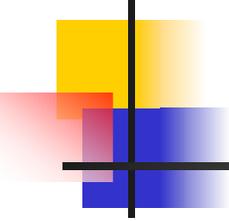
Authority Indicators

- Information Collection and Enforcement
 - Does the Commission have authority to determine what information licensees must provide?
 - Does it have authority to establish service quality and performance requirements?
 - Does it have authority to impose penalties for failure to provide information or non-compliance with standards?
 - Does it have authority to make information available to the public?



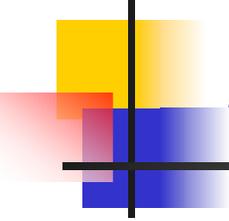
Accountability

- Objectives
 - Credible & Transparent
 - Public Participation
 - Access to Information
 - Avenues for Grievances
 - Maintain High Ethical Standards
- Indicators
 - Public Participation
 - Transparency
 - Annual Report/Audit
 - Redress of Grievances
 - Code of Ethics



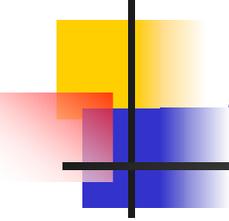
Credibility and Transparency

- Function of access to information, justification for decisions, and level of public participation
- Commission and staff must behave and operate in an ethical manner
- Affected parties must have avenues to redress grievances



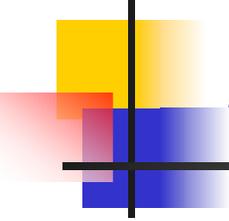
Accountability Indicators

- Public Participation
 - Are there requirements for open meetings?
 - Are there requirements for opportunities for public participation in reviewing license applications?
 - Does the public have access to information about costs used to set tariffs?
 - What efforts are made to involve and inform the public?



Accountability Indicators

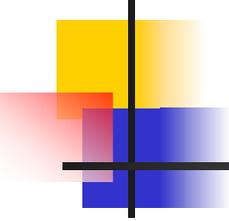
- Annual Report and Audit
 - Are there regular reports required from the Commission?
 - Is a financial audit required?
 - Are both made available to the public?
- Redress of Grievances
 - Can Commission decisions be appealed to the court system?
 - Are courts limited in the basis for overturning a Commission decision?
 - Can a customer file a complaint with the Commission?



Accountability Indicators

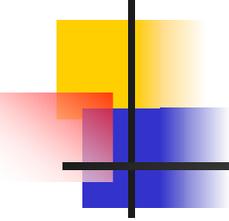
- Code of Ethics

- Is there a code of ethics for the Commission and the professional staff?
- Are there prohibitions on conflicts of interest?
- Are there sanctions for violations of the code of ethics or conflicts of interest?



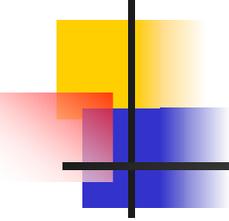
Organizational Structure

- Objectives
 - Professional competency
 - Carry out responsibilities effectively and efficiently
 - Parity of expertise and influence with those it regulates
- Indicators
 - Organizational Chart
 - Staff and Personnel Recruitment
 - Education and Training



Organizational Structure Indicators

- Organizational Chart
 - How is the Commission organized?
 - What is management structure and functions of different departments?
 - What's relationship of structure to authority and responsibility of the Commission?
 - What information management capabilities does the Commission have?



Organizational Chart Indicators

- Staff and Personnel Recruitment
 - What is the process for hiring and firing staff?
 - Can the Commission compete with the private sector and the industry for staff?
 - How many staff have professional or technical background ?
- Education & Training
 - What opportunities are available?
 - Is there sufficient financial support for education and training?