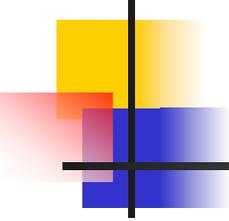


Creation and Management of a Regulatory Commission/Agency

Commission Function, Administrative
Procedure, Legal Procedure

Implementation Module A.3

Ron Eachus



Regulation is Both Art and Science

- Science

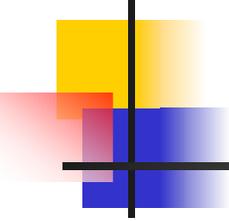
- Professional and technical expertise

- Economics
- Engineers
- Accounting
- Law
- Information Technology

- Art

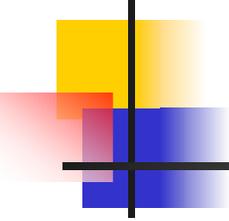
- Balancing conflicting interests

- Stakeholder interests
- Conflicting public policy goals



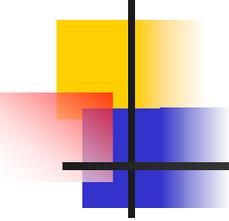
Commission Functions

- Will be established by law
 - Required duties and obligations
 - Market and Non-Market
- And by expectation
 - Public and consumers
 - License holders and market participants
 - Government
 - Investors
- Will determine organizational structure



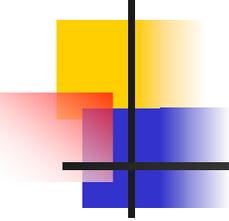
Broad Objectives

- Create, promote and preserve efficient industry and market structures
- Maximize access to electricity services
- Allow reasonable earnings for efficient operation
- Ensure safety, security, reliability and quality
- Promote competition



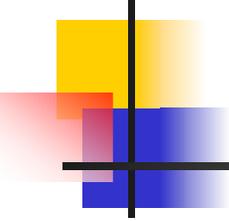
Specific Functions

- License and regulate generation, transmission, system operation, distribution and trading
- Establish operating codes
- Establish consumer rights and obligations
- Monitor the market
 - Pre-conditions for offering competitive service
- Establish consumer protection standards
- Establish service quality standards
- Set up and administer the consumer assistance fund



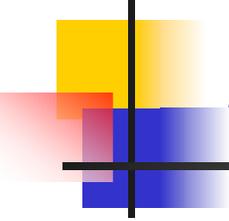
Discretionary Authority

- Commission has very broad discretion
 - Make regulations as necessary or convenient to carry out the Act
 - Administer the affairs of the Commission
- With discretion comes responsibility and accountability
 - For clarity and transparency
 - For fairness and balance



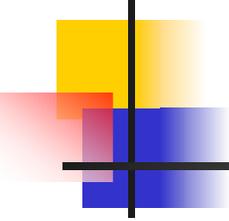
Commission Process

- Commission has broad authority and discretion to make regulations and rules
- These will be both Legal and Administrative
- Legal and Administrative rules and process will affect the perception of credibility and transparency



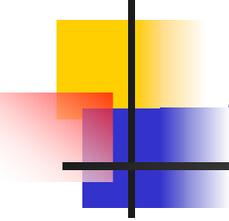
Administrative and Legal Affairs of Commission

- Holding of meetings
- Hearings and proceedings
- Arbitration and Mediation
- Conduct of inquiries
- Becoming a party
- Handling of information
- Rules of evidence
- General conduct of business
- Amount of Rules and Procedures will expand over time



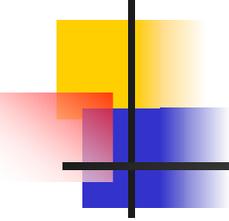
Legal Procedures

- Law provides for redress of grievances
 - Stakeholders may request rehearing or review of decision
 - Decisions may be appealed to court
 - Customers may complain to Commission
- But Commission has great deal of discretion
 - Open Meetings not required
 - Commission decides when to go to court
 - Determines rules of evidence and intervention



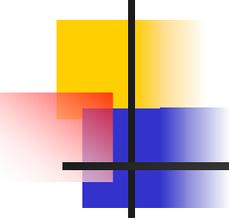
Administrative Procedures

- Internal
 - Information flow and access
 - Approval for expense of funds
 - Supervision and approval of work product
 - Consultation protocols
- External
 - Access to information
 - Application or petition of Commission action
 - License related
 - Consumer complaints
 - Appeals for rehearing or revision
 - Time limits



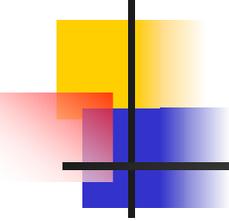
Information Confidentiality

- Commission can determine which information is required from licensees
- Licensees will try to keep as much information as possible confidential
- Public should have access to non-confidential information
- Commission will need way to determine confidentiality and balance with public access
 - Narrow criteria for confidentiality
 - Method for appeal
 - Method for access without disclosure
- Presumption should be its public unless proven otherwise
 - Burden on claimant of confidentiality



Commission Process

- Rules should encourage openness and public participation
 - Broadens the record and enhances the insights and information available to Commission
 - Enables Commission to fully understand the issues important to stakeholders and their impact
 - Increases public awareness of Commission
 - Increases public confidence
- Confidence in the process enables greater acceptance of decisions that may be adverse



Stakeholder Perceptions

- That they have equal access to information
- That they have an equal opportunity to make their case
- That the Commission is looking at the whole record and the facts presented
- That the Commission can justify its decision based on the record
- That they have a reasonable opportunity for redress of grievances
- That the Commission is being judicious, fair and balanced