



# Development of a Regulatory Commission in Sri Lanka

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# Establishing Independence of Regulatory Commission

1. Appointed by Minister of Policy Development & Implementation with the concurrence of the Constitutional Council
2. Each Member is appointed for a period of five (05) years
3. A person shall be disqualified from being appointed, or continuing as a member if he/she
  - i. has been within 3 years prior to nominate, a member of parliament
  - ii. member of a provincial council or any local authority
  - iii. holds any post in any political party
  - iv. or a connected person has any financial or other interest amounting to a conflict of interest directly or indirectly, on any company which carries on any public utility industry.

# Establishing Independence of Regulatory Commission *cont...*

## 4. Removal of commission members

- a) Minister may propose to remove a member only if, he / she
  - i. is an undischarged bankrupt
  - ii. is found or declared to be unsound mind
  - iii. has ceased to be qualified to continue as a member
  - iv. has refused or failed to discharge his or her functions for a period of 3 months or more
  - v. is guilty of misbehavior
- b) Minister has to report to parliament for removing of the member
- c) Needs majority of total number of members of parliament (including those not present)

## 5. Financing

- a. Commission shall have its own fund.
- b. Commission budget for each year is recovered as levies from regulated entities under industry Acts.

# Establishing Transparency.

## a) Enforcement of standards & compliance

- I. Standards are prescribed as regulations published in government gazette, websites of commission & utilities and copies available in all offices of utilities.
- II. Commission may check compliance on their own initiative or act on consumer complaints

## b) Working with utilities & consumers

- I. Working with utilities is governed by the license, which is a public document.
- II. All procedure & methods adopted by the commission are described in the Regulatory Manual – A public document

# Protecting low-Income Consumers

- a) Government formulates policy guidelines on
  - I. Different socio – economic groups such as low income groups
  - II. Pricing policy
- b) Commission to follow such policy guidelines
- c) Government has to cushion the shortfall of returns as a result of subsidy being provided to the targeted unaffordable groups

# Renewable Energy

## a) Targets

- I. To produce at 10% of grid electricity using renewables by year 2015 - currently its less than 5%
- II. To electrify 6% of the household using off-grid systems (mostly renewable) by year 2015

## b) Strategies

- I. Research and develop to adopt new renewable technologies to suite Sri Lankan context
- II. Technology specific production incentives to be given to renewables, and an associated national 'Energy Fund' to be created
- III. Commercial development of the biomass sector and grid electricity generation using biomass to be promoted

## Guidelines Adopted by Commission as Consumer Service

### a) Supply service code

- I. Utilities shall provide contact details of enquiry service
- II. Utilities shall keep each of its customers that commission can assist in resolving complaints
- III. Payment of bills
- IV. Connections & disconnections procedures
- V. Efficient use of electricity

### b) Performance Standards regulations

- I. Supply restoration standards
- II. Notice of supply interruption
- III. Voltage payments
- IV. Appointments

Compensation to be paid to consumers if these standards are violated

# Lesson Learned

1. Educating the general public of the new regulatory environment & the benefits of it is of paramount importance.
2. Commitment at highest levels of political & bureaucratic leadership is essential in forming a regulatory commission.
3. Essential to educate employees of the process and benefits to minimize the resistance
4. Expertise in the area of electricity regulation is rare. Need to train & involve professionals through the establishment of the commission.

Thank you