

LEGISLATIVE AND REGULATORY FRAMEWORK TO SUPPORT SUSTAINABLE ENERGY INVESTMENTS

Mr Paul Kaun
Chief Executive Officer
Utilities Regulatory Authority

Objectives of the Authority under the Act

- **Purpose of the URA** - Section 2 of the Act outline the purpose of establishing the URA which are, to:
 - ensure the provision of safe, reliable and affordable regulated services;
 - maximize access to regulated services throughout Vanuatu;
 - promote the long term interest of consumers.
- **Functions of the Authority** - Section 12 of Act outlines the functions of the Authority which are, among others:
 - Provide advice, reports and recommendations to the Government relating to utilities;
 - Inform the public of matters relating to utilities;
 - Assist consumers to resolve grievances.
- **Powers of the Authority** – Section 13 provides the Powers to the Authority
- **Determination of Tariff** – Section 18 empowers the Authority to determine the maximum price of a regulated service which may be charged to a consumers.
- **Safety and reliability Standards** – Section 14 and 16 of the Act empowers the Authority to issue safety standards.

URA's support towards Sustainable Energy Investments through Legislative & Regulatory Framework



- A regulated electricity market:
 1. Provides assurance to an investor(s) that from their capital investments made, they are allowed a reasonable opportunity to earn a return on their investments through the tariff while ensuring affordable tariffs from a customers' perspective as well;
 2. Protects the Operator's interest, in terms of ensuring sustainability of operations through allowing reasonable cost of service through tariffs; and
 3. Attempts to align and harmonies the Government's National Sustainable Development Plans in the Energy Sector with the Vanuatu Electricity Providers' Capital Investment Plans and interests.

A brief on URA's Contributions to NERM Vision and Targets



- The Authority's involvement, as a regulator, in achieving the NERM target is through the following:
 - **Determination of Electricity Tariff** (Section 18 URA Act):
 - taking into consideration least cost generation
 - Promotes efficient/effective cost of service which is able to reasonably sustain and maintain quality of service delivery;
 - Ensuring investment plans contributes to increasing renewable sources as well as promotes accessibility via extensions aligning with Govt.'s policies;
 - Ensures investors and customers interests both taken into consideration etc
 - **Issuing Advisory and Indicative Tariff** – for purposes of new renewable energy sites;
 - **Assists and provides advice and recommendations** to the Government in relation to **new** Govt. Electricity Concession Contracts ensuring new contracts align with current electricity legal framework, regulatory regime and Government policies etc
 - Issuance of Solar PV Design and Installation Rules (Align with SEAIPi requirements)
 - Issuance of a Power Purchasing Agreement Guideline– basically guiding URA's processes in dealing with any new interested Independent Power Producer's entry

Least Cost Generation

- Section 18 of the URA Act makes it an obligation for the Authority to take into account ‘least cost generation’ when determining a utility’s tariff.
- Least cost generation is defined in the URA Act to mean ‘the **combination of electricity generation methods** that provides the lowest overall cost for the consumers served by a particular utility’.

Indicative Tariff

- Under the auspice of the NERM, the Government, through various program such as VREP, BRANTV and NAMA has been rolling out the programs for renewable energy throughout Vanuatu.
- The Authority assisted the Government by providing advice via the Indicative Tariffs that may be used to solicit finance from aid donors or investors.
- The Authority has determined tariff under Section 18 of the URA Act for 1 of these sites currently applicable - Mini-grid at Wintua/Lorlow currently serving est. 116 households. Others are currently in the pipeline.

Future of Sustainable Energy and Regulation



- Harmonize the manner in which sustainable energy solutions are incorporated into the grid and off-grid through further dialogue with Government, utilities and applicable entities to establish a “ Sustainable Energy Policy” to align with NERM.

THE END