

Energy and Water Utilities Regulatory Authority

**Presented to the “Illinois Commerce  
Commission”: Under  
NARUC/EWURA PARTNERSHIP**

**OVERVIEW OF EWURA’S REGULATORY  
STRUCTURE AND OPERATIONS**

by

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# Introduction

- ❑ The Energy and Water Utilities Regulatory Authority (EWURA) was established by Cap 414, and become operational June 2006.
- ❑ EWURA is a multi-sectoral regulator: regulates energy and water sectors.
- ❑ **Energy Sector** covers electricity, petroleum downstream and natural gas downstream sub-sectors.
- ❑ **Water Sector** covers Urban Water Authorities, District Water Authorities and National Projects.

The governing regulatory/legal framework:

- ☐ The EWURA Act, Cap. 414
- ☐ The Electricity Act, Cap. 131 (2008)
- ☐ The Petroleum Act, Cap. 392 (2008)
- ☐ The Water Supply & Sanitation Act, (2009)
- ☐ The DAWASA Act, 2002
- ☐ The legislations outlines functions and duties of the Regulator and those of the Sector Minister(s).
- ☐ Other legislation: FCC, FCT, TBS, NEMC.



# Functions of EWURA ewura

Energy and Water Utilities Regulatory Authority

The functions of EWURA are to:

- a) promote effective competition and economic efficiency;
- b) protect the interests of consumers;
- c) protect the financial viability of efficient suppliers;
- d) promote availability of regulated services to all consumers.
- e) enhance public knowledge and awareness; and
- f) protect and preserve the environment.

# Core Values & Duties

- ❑ In line with International Best Practice, EWURA's core values evolve around **Independence, Fairness, Integrity Transparency, and Professionalism.**
- ❑ EWURA undertakes both economic and technical (including HSE) regulation of the regulated activities.
- ❑ The Authority issues, renews and cancels licenses; it establishes service standards; and reviews tariffs, rates and charges.





# Legal Independence

- ❑ EWURA is governed by the Board of Directors, with full regulatory powers.
- ❑ Board of Directors comprises of Seven (7) members: Chairman, Five other members, and Director General. All but the Director General, are part time.
- ❑ Members are appointed through a very transparent and competitive process based on expertise in Engineering, Law, Finance, Economics, or Management.



# Legal Independence

- ❑ Appointments can only be done from a shortlist prepared by a Nomination Committee constituted by Law.
- ❑ Board Members have security of tenure, removal only after due process.
- ❑ EWURA is independent in the decision making process. There is no external (political) influence entertained.
- ❑ Ministerial directive, can only relate to non regulatory matters.



# Financial Independence

- ❑ EWURA Act provides for independent source of finance (i.e. not Treasury).
- ❑ Main source being Regulatory Levies, set at a maximum of 1% of gross income of regulated entity.
- ❑ EWURA sets out its budget and submits it to the Minister responsible for EWURA.
- ❑ The Minister may initiate a “Value for Money Audit” or forward the Budget to the Minister for Finance.





# Accountability

- ❑ EWURA is subjected to three different types of audits: Procurement; Value for Money/Performance; & Financial Audits).
- ❑ EWURA prepares and submits Annual Report, through Minister responsible for EWURA, and is tabled to the Parliament.
- ❑ EWURA prepares and submits Sector Performance Reports to Sector Ministers.
- ❑ Annual Reports and Strategic Plans posted on EWURA website.
- ❑ EWURA scrutinized by three Parliamentary Standing Committees.



# Accountability

- ❑ Minister and Controller and Auditor General (CAG) can initiate impromptu audits.
- ❑ Staff and Members are subject to a far reaching code of conduct.
- ❑ Staff and Members are prevented from employment or doing business with regulated entities for 18 months after termination of employment (revolving door policy).



# Decisions & Appeals

- ❑ EWURA's orders are comparable to those of the High Court.
- ❑ Decisions/orders made by the Board of Directors can be appealed against, at the Fair Competition Tribunal.
- ❑ Decisions made by a "Division" of the Authority, can be subjected to a review by an Internal Review Panel (IRP). IRP will comprise part time experts.



# Consultations

- ❑ All key stakeholder groups are actively, openly and routinely consulted before major regulatory decisions are made.
- ❑ All major applications/issues relating to tariffs and licences are subject to a public inquiry.
- ❑ Consumers are organised through a Consumer Consultative Council (CCC), the Government is involved through a Government Consultative Council (GCC).





# Consultations

- ❑ To enable stakeholders to participate effectively at public hearings, they are availed with issue, papers and the application in good time.
- ❑ To enhance their capacity to participate in regulatory matters, all CCC and GCC members have been given basic training in regulation (PURC – Florida).
- ❑ Stakeholders' comments are taken into account before final decisions are made.
- ❑ For major regulatory matters, an Exit Meeting precedes Board's Decision.

# Transparency

- ❑ Decisions, in the form of Orders, are published in widely circulated, English and Kiswahili, newspapers and are subsequently gazetted.
- ❑ A public register at EWURA keeps a record of all major decisions.
- ❑ All stakeholder groups are involved in the recruitment of the top leadership of the Authority (i.e. the Board Members and the Director General).



# Challenges

- ❑ Negative publicity generated by some investors who dislike regulation other through regulation by contract. Unfortunately, this perception is also shared by some civil servants.
- ❑ Persistent risk that the law may be changed to curtail independent sources of funding on account of the negative perceptions.
- ❑ High expectations recent Natural Gas discoveries (cheap electricity, enhanced socio economics,....and many more!



# Way Forward

- ❑ Build on firm foundation so far achieved and always keep our “eyes on the ball”.
- ❑ Continue with **public awareness program** to address matters relating to negative perception.
- ❑ Continually raise the level of expertise of our human resources so that, at all times:
  - the leadership knows WHAT needs to be done and;
  - staff know HOW best to do the same in a manner that will match the expectations of peers and stakeholders.





# Thank you for listening!

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