

# Enhancing Sustainable Utility Regulation (ENSURE)

## NARUC – WAGPA/ERERA Regulatory Workshop

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#### RANKING PASS THROUGH APPROACHES

For the purposes of this exercise we assume that a DISCO operates in an industry structure that allows the regulator to apply any of the pass-through methodologies discussed.

Objectives	Full Pass through	Review of contracts		Administrative benchmarks	Mandated Competitive Procurement
		Ex ante	Ex post		
Incentives for effective procurement					
Incentives for system expansion					
Reducing price volatility for customers					
Allow DISCOs to fully recover prudently incurred purchase costs					
Provide efficient price signals for customers					
Reduce self-dealing and collusion					
Minimize regulatory intervention					
<b>Total</b>					

Questions for the exercise:

1. What factors would invalidate the basic assumption?
2. On a scale of 1 – 5, rank the methodologies according to their effectiveness to achieve the listed objectives. [5 is the most effective, 1, the least]
3. Which is the most favored methodology overall, and why?
4. To what extent could this methodology be applied to the West African energy market?