

Monday, February 25, 09:30 a.m.

■ OVERVIEW OF THE NICARAGUAN ENERGY INSTITUTE

- Mr. David Castillo, President, INE

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NICARAGUAN ENERGY INSTITUTE (INE)

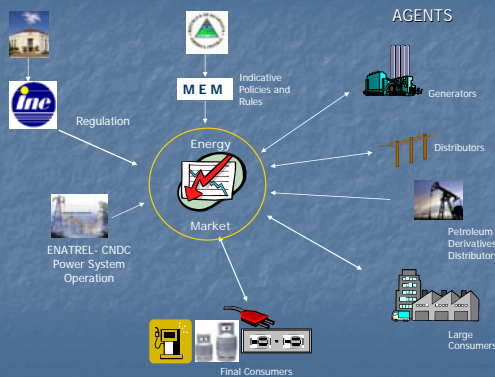
LEGAL AND REGULATORY FRAMEWORK

Eng. José David Castillo Sánchez
President, Executive Board

Managua, February 2008

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NICARAGUA ENERGY MARKET ACTORS



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LEGAL FRAMEWORK:

- Decree No. 87, INE Organic Law, published in the official daily La Gaceta No. 106 of 6 June 1985.
- Decree No. 46-94, creating the Nicaraguan Electricity Company (ENEL), published in the official daily La Gaceta No. 204 of 1 November 1994.
- Law No. 271, INE Law Reform, published in the official daily La Gaceta No. 63 of 1 April 1998.
- Law No. 272, Electricity Industry Law, published in the official daily La Gaceta No. 74 of 23 April 1998.

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LEGAL FRAMEWORK:

- Law No. 277, Hydrocarbon Supply Law, published in the official daily La Gaceta No. 25 of 6 February 1998.
- Law No. 286, Special Law for Hydrocarbon Exploration and Exploitation, published in the official daily La Gaceta No. 109 of June 12, 1998.
- Law No. 443, Geothermal Exploration and Exploitation Law, published in the official daily La Gaceta No. 222 of 21 November 2002.

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REGULATIONS:

- Decree No. 42-98, Electricity Industry Law Regulation, published in the official daily La Gaceta No. 116 of 23 June 1998.
- Decree No. 38-98, Hydrocarbon Supply Law Regulation, published in the official daily La Gaceta No. 97 of 27 May 1998.
- Decree No. 43-98, Special Hydrocarbon Exploration and Exploitation Law Regulation, published in the official daily La Gaceta No. 117 of 24 June 1998.

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REGULATIONS:

- Decree No. 003-2003, Geothermal Exploration and Exploitation Law Regulation, published in the official daily La Gaceta No. 11 of 16 January 2003.
- Decree No. 72-2003, Law No. 467, Hydroelectric Subsector Promotion Law Regulation, published in the official daily La Gaceta No. 208 of 3 November 2003.

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INSTITUTO NICARAGUENSE DE ENERGIA INE

Law No. 271, INE Organic Law Reform, granting the functions to regulate, supervise and oversee the energy sector and enforce the policies issued by the Ministry of Energy and Mines.

Organic, financial and administrative autonomy.

Organic autonomy: Freedom or scope of action.

Financial autonomy: Economic freedom and self-government regarding income and expenditures.

Administrative autonomy: Freedom to manage all matters concerning its own management according to its own rules and bodies.

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- PHILOSOPHY:

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REGULATION:

- Specific regulation:
 - **Generation:** Contract registration and monitoring, market regulation, compliance of rules, supply prices, technical environmental inspections, deterrence of practices that constitute unfair competition or abuses based on dominating market positions.
 - **Transmission:** Compliance of technical and environmental specifications in transmission grid, regulation of toll charges and loss assessments.

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REGULATION:

- Specific regulation:
 - **Distribution:** Calculation and approval of tariffs, quality, safety and uninterrupted service, deterrence of practices that constitute unfair competition or abuse based on dominating market positions, compliance of applicable regulations, monitoring of contractual commitments.
 - **Marketing:** Verification of metering equipment status, invoicing according to tariff schedule and rates, coverage of demand.

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REGULATION:

- Specific regulation:
 - **Importation and exportation** of electricity, participation of regional economic agents, transactions governed by domestic and regional regulations, satisfaction of internal demand and the provision of safe and efficient services in strict compliance of provisions relating to the protection of human life and property and the conservation of the environment.

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COMPLEMENTARY LEGISLATION

- Law No. 532, Renewable Energy Promotion Law, published in the official daily La Gaceta No. 102 of 27 May 2005.
- Law No. 467, Hydropower Promotion Law, published in the official daily La Gaceta No. 169 of 5 September 2005.

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COMPLEMENTARY LEGISLATION

- Law No. 554, Energy Service Stability Law, published in the official daily La Gaceta 224 of 18 November 2005.
- Law No. 559, Special Law for Crimes Against the Environment and Natural Resources, published in the official daily La Gaceta No. 225 of 21 November 2005.

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SECTORAL LAW REFORMS:

- Law No. 472, Reform of Law 443, Geothermal Exploration and Development Law, published in the official daily La Gaceta 192 of 10 October 2003.
- Law No. 493, INE Law Reform, published in the official daily La Gaceta No.147 of 29 July 2004.

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SECTORAL LAW REFORMS

- Law No. 465, Electricity Industry Law Reform, and Law No. 271, INE Law Reform, published in the official daily La Gaceta No. 168 of 27 August 2004.
- Law No. 531, Hydropower Promotion Law Reform, published in the official daily La Gaceta No. 101 of 26 May 2005.
- Law No. 594, Geothermal Exploration and Exploitation Law Reform and Additions, published in the official daily La Gaceta No. 173 of 5 September 2006.

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SECTORAL LAW REFORMS

- Law No. 600, Energy Service Stability Law Reform and Additions, published in the official daily La Gaceta No. 199 of 13 October 2006.
- Law No. 627, Energy Service Stability Law Reform and Additions, published in the official daily La Gaceta No. 132 of 12 July 2007.
- Law No. 644, Energy Service Stability Law Reform and Additions, published in the official daily La Gaceta No. 22 of 31 January 2008.

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ENVIRONMENTAL LEGISLATION

- Law No. 217, Environment and Natural Resources Law, published in the official daily La Gaceta No. 105 of 6 June 1996.
- Decree No. 14-99, Nicaraguan Protected Areas Regulation, published in the official daily La Gaceta No. 42 and 43 of 2 and 3 March 1999.
- Decree No. 76-2006, Environmental Evaluation System, published in the official daily La Gaceta No. 248 of 22 December 2006.

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ENVIRONMENTAL LEGISLATION

- Decree No. 26-2006, Nicaraguan Protected Areas Regulation Reform (Decree No. 01-2007), published in the official daily La Gaceta No. 63 of 29 March 2007.
- Technical-Environmental Regulation for Service Stations, published in the official daily La Gaceta No. 211 of 6 November 2002.

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ELECTRICITY SECTOR REGULATIONS:

- Tariff Regulation,
- Transport Regulation,
- Fine and Penalty Regulation,
- Electricity Concession and Licensing Regulation,
- Operating Regulation,
- Electricity Service Regulation, and
- Quality Service Regulation.

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THANK YOU

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