

# Commission Relationships

Old  
Administrative  
System



Regulatory  
Commission

**An overview**

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# Commission Relationships to Whom?

- Government
- Government agencies
- Parliament
- Regulated utilities

# Why Have Relations?

- **Executive power**

To ensure that the Commission policy does not conflict with the government policy

- **Legislative power**

To ensure that the new legislation does not have negative consequences for the Commission, utilities or consumers

- **Utilities**

To ensure fair and transparent process of utility regulation

# What and why?

## Goals

- Provide and receive information
- Build support
- Perform the obligations

## What to achieve with the relations?

- Inform or educate
- Prevent from negative future actions
- Change behavior
- Influence policy

# Between the Policy and Independence

## **“Independence” is the key word**

- 100% independent from the industry
- 99% independent from the government
- Three indicators for independent Regulator
  - Legally independent body
  - Own budget
  - Issue the regulations

# Commission Establishment

- Through a law
  - Specialized law of regulation
  - General law for the regulated industries
- Preliminary decision on the area of regulation is an important issue
- Bulgarian State Energy Regulatory Commission has been established by the Energy and Energy Efficiency Act

# Commissioners Appointment

- By the Parliament
- By the Government
- By the Governor (in USA) and confirmed by the Senate
- Bulgarian Commission is appointed and discharged with a resolution of the Council of Ministers and are appointed with an order of the Prime Minister

# Communication with the Government

## Official communications

- The Commission reports periodically to the Council of Ministers on its activities
- In Bulgaria the Council of Ministers still adopts some of the documents related to the Commission activities:
  - Organizational Charter
  - Ordinances on licensees, price setting of electricity, heat and natural gas
  - Tariff of licensing fees

## Non official communications

- Mainly through the chairman



# Government agencies

- Ministry of Energy and Energy Resources
- Energy Efficiency Agency
- Ministry of Labor and Social Policy
- Commission on Protection of Competition
- Ministry of Finance

# Ministry of Energy and Energy Resources

## Responsibilities

- Develops the Energy Strategy of the Republic of Bulgaria
- Develops programs and strategies for restructuring of the energy sector, including privatization
- Forecasts the overall energy balances of the country of a short, medium and long-term
- Determines the need for construction of new generation capacity
- ...

# Ministry of Energy and Energy Resources

## Transition Problems

- Unclear definitions of the responsibilities of the Regulator and the Ministry
  - Overlapping of responsibilities
  - Missing responsibilities



- Influence on day-to-day activities of the Commission

# Communication with the Parliament

## Parliamentary Commissions

- Energy Commission
  - The Regulator participates when a new law or amendments in the existing one are under discussions
- Complaints Commission
  - The Regulator answers the questions, put by consumers to the Parliament

# The Legislative Liaison in USA



- The day-to-day interaction between the Regulator and the legislature is overseen by the Commission's Legislative Liaison.
- The Legislative Liaison is the primary contact point between the Commission and the Legislature.
- However, individual commissioners and legislators do have contact from time to time.

# The Role of the Legislative Liaison

- The function of the Legislative Liaison is similar to that of a lobbyist or a government relations specialist.
- As bills are introduced, the Legislative Liaison quickly reviews them to determine if they pertain to the Commission or the regulated utilities.
- If the Commission has an interest in the bill, it is sent to the appropriate department within the Commission for review and comments.
- Once the comments are returned to the Legislative Liaison, the President of the Commission and senior staff first review the recommendations of the departmental staff.

# Coordinating with the Governor's Office

- After a recommendation is determined at the Commission, the Legislative Liaison shares the recommendation with the Governor's office, to ensure that it does not conflict with policy set forth by the Governor.
- Once the Governor's office is made aware of the Commission's recommendations, the Legislative Liaison next communicates with the bill's sponsors. This is especially true in instances where the legislation may have a negative consequence for the Board, utilities, or consumers.



# Communication with Regulated Utilities

- Bilateral process of education
- Regulation is different from administration
  - Utility has to have a right to be listen
  - Commission has a right to take decision
  - Utility has to have a right to appeal the decision
- The key word is “transparency” – introducing step by step open meetings, published information, public discussions
- Communications are based on written procedures only
- Create an Ethic Code
- Building conditions to eliminate corruption



# Conclusions

- The effective relations helps to educate all stakeholders (Commission, Government, Legislators, Utilities)
- It keeps other governmental parties informed
- It raises the responsibility
- It avoids the negative reactions as a result of lack of information, lack of involvement, etc.

# Conclusions

- Good relations cannot compensate for badly executed activity
- Good relation is necessary but not sufficient condition for successful regulation

**Questions and comments?**

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