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## In-Depth Trainings Offer Critical Skills and Capacity to Regulators

With USAID and NARUC support, regulators in emerging economies are helping to build knowledge and expertise through courses on regulatory fundamentals and best practices



photo credit: MSU IPU

*Participants take notes during a recent session of NARUC Utility Rate School, operated by Michigan State University's Institute of Public Utilities. Through this program and others, NARUC provides training to regulators from emerging economies on the fundamentals of rate design, cost of service, regulatory accounting and other key concepts.*

From ensuring affordable energy to combating climate change, regulators in emerging economies are being tasked to serve vital roles in addressing the most pressing energy challenges facing their countries. But many of these regulators face the difficult task of leading their countries in new directions, implementing rules or making decisions on electricity rates never before seen within their borders.

These responsibilities necessitate a deep knowledge and experience in regulatory matters, something many regulators in the developing world are continuing to build. With the support of the United States Agency for International Development (USAID), the National Association of Regulatory Utility Commissioners (NARUC) is helping to bridge that gap.

With USAID support, NARUC collaborates with leading U.S. academic institutions and international

partners to provide critical training to energy regulators in emerging economies on regulatory fundamentals and best practices. Staff return home equipped with the knowledge and expertise necessary to build capacity at their commissions and drive progress toward key goals, including cost-reflective tariffs, institutional enhancement and clean energy integration.

### Capacity Building Benefits of Trainings

Leticia Ramírez de Alba Leal, Deputy Director of Economic Analysis at the Mexico Energy Regulatory Commission (CRE), attended IPU's NARUC Utility Rate School in May 2015. Since then, she worked with her colleagues at CRE to develop tariff methodologies for billing and rate design. This marked the first time CRE had specific procedures for setting rates.

The temporary tariff methodologies were published in April 2016 for transmission tariffs, distribution tariffs and new independent system operator (CENACE) rates.

### About NARUC Trainings

With USAID support, NARUC sends regulators to in-depth training programs operated by well-regarded academic partners at Michigan State University's Institute of Public Utilities, the University of Florida's Public Utility Research Center and others.

Designed to meet the specific needs of public sector regulators and industry practitioners, these programs educate participants on ratemaking concepts, the structure of the power and gas sectors and other key topics.

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— Desalegn Hailu Fufa, EEA Tariff and Licensing Case Team

Ramírez said that NARUC Utility Rate School has been very beneficial as she and her colleagues have worked to improve CRE’s rate setting and regulatory accounting practices. The in-depth training helped CRE staff explain and justify rate decisions to CRE leadership and others, Ramírez said. The training also helped increase staff capacity and knowledge, which aided in mitigating the effects of staffing turnover at CRE.

“What we want now is a clear process for setting rates,” Ramírez said. The process should be consistent as staff come and go from CRE, she said. Training will be an ongoing need as Mexico’s landmark energy reform moves ahead, she added.

### **Capacity Building For Tanzanians**

Regulators from Tanzania’s Energy and Water Utilities Regulatory Authority (EWURA) have also experienced the capacity-building benefits of attending NARUC Utility Rate School.

With the support of USAID and Power Africa, NARUC arranged for Herieth Kasilima, a Financial Analyst at EWURA, to participate in the May 2015 training. Kasilima brought back to EWURA ideas on how to improve tariff design and analysis. These included thoughts on a Uniform System of Accounts (USoA), a tool to help utilities and regulators understand the true cost of power by defining how utilities report financial information.

In her report to NARUC following the training, Kasilima said a USoA would make it easier for her to monitor utility activities and compare similar utilities to each other. Since that training, Tanzania has joined other countries in NARUC’s East Africa Partnership in making progress toward a regionally aligned USoA, an effort supported by USAID and Power Africa. When final, the USoA will be a monumental development for the successful construction of transnational transmission infrastructure or reaching deals to send power from one country to another.

### **Benefits to Ethiopian Tariff Reform**

NARUC also builds on its long-standing relationship with the Energy Regulators Regional Association of Central/Eastern Europe and Eurasia (ERRA) to bring international regulators to ERRA trainings on rate and tariff structures, environmental considerations and other key topics.

With USAID and Power Africa support, NARUC in May 2015 brought Desalegn Hailu Fufa of the Ethiopian Energy Authority’s (EEA) Tariff and Licensing Case Team to an ERRA training on the fundamentals of energy sector price regulation. The training came as EEA was working to gain approval for a foundational document drafted by European Union officials that revised how utilities and regulators determine the rates to be charged to different customers. Called the *Ethiopia Tariff Guidelines and Methodologies*, the document encourages energy efficiency and conservation while at the same time laying the groundwork for disaggregating costs, an automatic multi-year tariff regime and a tariff review process.

The training allowed Fufa, and by extension other EEA staff, to better analyze the document and improve overall tariff setting practices. Fufa said the training “helped me to understand the theoretical and technical parts of designing tariffs for generation, transmission and distribution of Ethiopian power sector.”

Overall, NARUC’s relationships with internationally recognized courses assists regulators in emerging economies with quickly boosting their technical expertise and ability. With USAID support, NARUC is committed to continuing to provide such opportunities to build vital regulatory capacity.

**For more information, visit <http://naruc.org/international>**