Utilities Regulatory Authority Work Program

2010

Vanuatu

PMB 9093, Port Vila, Vanuatu
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Introduction

The Utilities Regulatory Authority is the economic regulator of regulated services in Vanuatu, principally the electricity and water industries. We provide advice to the Vanuatu Government on matters affecting these industries. In addition we are responsible for the management and administration of Concession Agreements for the supply and delivery of electricity and water services in Vanuatu.

Before each financial year we develop a work program to identify our key projects and ongoing activities for the following 12 months.

This is our second annual work program. It has been developed to reflect the goals and strategies we will pursue in protecting the long term interests of Vanuatu consumers of utility services. It also reflects an assessment of the main external challenges and regulatory demands that will affect the pursuit of our corporate goals this year.

In preparing our work program, we sought the views of our major stakeholders, including customer and industry groups, regulated businesses, other regulators and government agencies.

Our key priorities for 2010 are:

- Administer, monitor and ensure compliance of Concession contracts between the Government and utility service providers.
- Review of electricity tariffs and regulatory requirements in consultation with industry and other interested stakeholders.
- Development and implementation of the URA website to better inform consumers, industry and other interested stakeholders of matters relating to the activities of the Authority.
- Conduct public information campaign to enable customers to better understand the energy market.
- Develop safety and reliability standards to ensure the provision of safe, reliable and affordable regulated services.

Throughout the year, we will continue to assess our priorities and, as necessary, adjust our ongoing work program to reflect any changes in the external market environment and unanticipated regulatory obligations. This includes any new regulatory functions and inquiries, special investigations and reviews that may be referred by the Vanuatu Government. We will keep our stakeholders informed on our new projects that will emerge over the 2010 year by publishing an updated version of the program on our website.

In addition, through 2010 we will focus on implementation of the new Utilities Regulatory Authority Act No. 11 of 2007.

We will also focus on identifying and implementing initiatives aimed at improving the efficiency and effectiveness of our internal services, as well as identifying opportunities to advise Government on regulatory and other matters.
Our Vision

The best outcomes for Vanuatu from regulated utility services

Our Objective

To ensure the provision of safe, reliable and affordable regulated services and maximise access to regulated services throughout Vanuatu. *(Utilities Regulatory Authority Act No. 11 of 2007)*

Our Role

The Vanuatu Government established the Utilities Regulatory Authority on 11 February 2008.

The *Utilities Regulatory Authority Act No. 11 of 2007* establishes our organisation as the primary economic regulator of regulated services in particular electricity and water in Vanuatu and an independent adviser to the Vanuatu Government on a range of regulatory and other matters.

The *Utilities Regulatory Authority Act No. 11 of 2007* states that the Authority’s purpose is to regulate certain utilities to ensure the provision of safe, reliable and affordable regulated services and to maximise access to regulated services throughout Vanuatu.

We currently regulate certain services in electricity and water sectors. Our role differs for each regulated service but generally involves regulating prices, services standards, market conduct and consumer protection. We investigate and advise the Government on various matters and to inquire into any matter as referred to by the Minister for Public Utilities. We also administer the various concession agreements for electricity and water services in Vanuatu.
**Our Functions**

While our role and functions differ for each regulated industry, our broad functions include:

- Reviewing the continuing need for, and approach, to regulating utility infrastructure services.

- Reviewing prices and services standards.

- Undertaking inquiries in relation to matters referred by the Minister for Public Utilities and other Ministers as allowed for in the relevant industry specific legislation.

- Issuing safety and reliability standards, and monitoring compliance with such standards.

- Monitoring businesses’ compliance with legislative and regulatory instruments (for example concession agreements and guidelines).

- Monitoring and reporting publically on regulated businesses’ performance.

- Approving tariffs and charges that regulated businesses levy for regulated services.

- Conducting public education programs on the regulatory framework and ensuring that the regulatory framework adequately protects customers.

- Resolving access and other disputes between service providers and users.

- Responding to customer inquiries about regulatory matters.

The manner in which we undertake each function and consult with interested parties differs, depending on the area of regulation and relevant statutory requirements.
Our Corporate Goals

Given our statutory role and objectives, and the challenges ahead, we are committed to achieving the following corporate goals:

**Goal 1**
To regulate monopolies effectively and protect customers, particularly those in financial hardship

**Goal 2**
To promote consistency in regulatory approaches

**Goal 3**
To improve our approach to consulting and communicating with stakeholders

**Goal 4**
To achieve best practice operation and governance

**Goal 5**
To develop the expertise, professionalism and motivation of our people
2010 WORK PROGRAM BY INDUSTRY SECTOR

ENERGY

Our 2010 work program in the electricity sector will deliver key regulatory decisions as required under law, as well as progress major strategic initiatives consistent with our ongoing corporate plan.

Major decisions and strategic initiatives for 2010 include:

- Review of electricity tariffs and regulatory requirements in consultation with industry and other interested stakeholders.
- Review the Operation and Management of the Sarakata Hydroelectric Scheme and Independent Audit of the Fund.
- Review regulatory information requirements for the electricity business to submit certain financial information and audit compliance with aspects of the regulatory framework.
- Development and implementation of the URA website to better inform consumers, industry and other interested stakeholders of matters relating to the activities of the Authority.
- Conduct public information campaign to enable customers to better understand the energy market.
- Develop policies and guidelines for the management, administration and operation of the Utilities Regulatory Authority.
- Develop and issue Safety and Reliability Standards to ensure the provision of safe and reliable regulated services.
- Monitoring and administration of electricity concession agreements for the Port Villa, Luganville, Malekula and Tanna Island areas.
- Develop and implement audit and compliance reporting for the regulated electricity utilities.
- Assess major capital investments proposed for urban and rural electricity systems, as the projects are confirmed.

We will conduct core programs overseeing compliance and performance reporting by the regulated business. We will also address customer issues, including liaising with other government agencies and customer advocacy bodies.

In addition we will provide consumer information and education about evolving energy matters. We will also respond to Government policy initiatives as they arise and to legislative changes in energy related areas.
### Tariff Review

<table>
<thead>
<tr>
<th>Project</th>
<th>Description</th>
<th>Commencement / Completion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Price Review</td>
<td>Review of cost of electricity services and methodology for resetting tariffs.</td>
<td>Q2</td>
</tr>
</tbody>
</table>

### General Projects

<table>
<thead>
<tr>
<th>Project</th>
<th>Description</th>
<th>Commencement / Completion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pre-paid metering price review</td>
<td>Review the pricing proposals submitted by the regulated businesses for the provision of pre-paid metering infrastructure services and determine the maximum charges for those services.</td>
<td>Q2</td>
</tr>
<tr>
<td>Utilities Performance Report</td>
<td>Evaluate and report on the regulated industry performance.</td>
<td>Q3 – Q4</td>
</tr>
<tr>
<td>Access Maximisation Strategy</td>
<td>Review and implement access maximisation strategy aimed at maximising consumer access to regulated services within concession areas.</td>
<td>Q1 – Q4</td>
</tr>
<tr>
<td></td>
<td>Provide support for the development and Implementation of Access and Rural Investment Program</td>
<td>Q1 – Q4</td>
</tr>
<tr>
<td>Sarakata Hydro Fund Review</td>
<td>Undertake audit and review of the Sarakata Hydro related investment funds to ensure effective and efficient utilisation and implementation of investments</td>
<td>Q2</td>
</tr>
<tr>
<td>Safety Reliability Standards</td>
<td>Develop and issue Safety and reliability standards for regulated services.</td>
<td>Q1 - Q4</td>
</tr>
</tbody>
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Water & Sanitation

In 2010 our main focus in water regulation will be to:

- Monitor and administer concession agreement including compliance with relevant legislation of regulated water utilities.
- Review regulatory information requirements for each water business to submit certain financial information and audit compliance with aspects of the regulatory framework.
- Develop and implement audit and compliance reporting for the regulated water utilities.
- Assess major capital investments proposed for urban and rural water systems, as the projects are confirmed.

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<th>Commencement / Completion</th>
</tr>
</thead>
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<tr>
<td>Water compliance Audits</td>
<td>Undertake audit of regulated water utilities for compliance with concession agreements, performance reporting frameworks and other relevant regulatory requirements</td>
<td>Q3 - Q4</td>
</tr>
<tr>
<td>Review water pricing</td>
<td>Review of water prices for the Port Villa area</td>
<td>Q3 – Q4</td>
</tr>
<tr>
<td>Review of rural tariffs</td>
<td>Review of cost of water services and methodology for resetting tariffs.</td>
<td>Q3 – Q4</td>
</tr>
<tr>
<td>Utilities Performance Report</td>
<td>Evaluate and report on the regulated industry performance.</td>
<td>Q3 – Q4</td>
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</tbody>
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You can access our Work Program by: Referring to our website [www.ura.gov.vu](http://www.ura.gov.vu), contacting us by telephone (+678) 24945, fax (+678) 2308, email: tmael@vanuatu.gov.vu or writing to us at Office of Utilities Regulatory Authority, PMB 9093, Port Vila, Vanuatu.