



National  
Association of  
Regulatory  
Utility  
Commissioners



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ENERGY REGULATORS  
REGIONAL ASSOCIATION

## **NARUC/ERRA Workshop on Public Utility Regulation in Market Economies**

**April 14-16, 2008  
Pristina, Kosovo**

*Co-Hosted by the  
National Association of Regulatory Utility Commissioners (NARUC)  
Energy Regulators Regional Association (ERRA)  
Center for Energy and Natural Resources, American University in Kosovo (CENR AUK)*

*Sponsored by  
U.S. Agency for International Development (USAID) Mission in Pristina, Kosovo*

Venue:  
American University of Kosovo

***Final agenda***  
(Version: April 13, 2008)



**Course Director:**

Dr. Vidmantas Jankauskas, Former Chairman of the National Control Commission for Prices and Energy, Lithuania

**Course Instructors:**

Dr. Peter Kaderjak, Director of Regional Center for Energy Policy Research (REKK), Hungary

Mr. George Young, Director of Policy and Deputy General Counsel, Vermont Public Service Board, USA

**Monday, April 14: Energy sector reform and introduction to public utility regulation*****Target Audience:***

Ministry of Energy and Mines (MEM)

Members of Government

Members of Assembly

Energy Regulatory Office (ERO)

Utility industry (KEK and KOSTT)

Media community

Consumer associations and civil society

**Objective:** To provide a broad introduction to the fundamental principles of energy regulation, respective roles of various stakeholders vested in the energy sector reform, and discuss recent EU energy policy developments

<i>Morning</i>		
08:15 – 09:00	Participants	<b><i>Registration</i></b>
09:00 – 09:15	Dr. Ali Hamiti, Chairman, Energy Regulatory Office, Kosovo	<b><i>Keynote speech</i></b>
09:15 – 09:30	Dr. Michael Farbman Mission Director, USAID Mission in Kosovo	<b><i>Keynote speech</i></b>
09:30 – 09:45	Mr. J. Michael Trainor Senior Energy Advisor, USAID Mission in Kosovo	<b><i>Purpose of training program</i></b>  <b><i>Role of USAID Kosovo Mission in energy sector reform</i></b>
09:45 – 10:00	Mr. J. Michael Trainor Senior Energy Advisor, USAID Mission in Kosovo	<b><i>Overview of Kosovo's energy sector developments, reform and challenges</i></b>
10:00 – 10:30	Mr. Dean White President, PA Government Services	<b><i>Overview of Kosovo's energy sector developments, reform and challenges</i></b> <b><i>- Importance of regulation for achieving</i></b>

10:30 – 11:00		successful reforms - Effects of regulation on utility efficiency and services  Q & A
<i>Coffee break: 11:00 – 11:30</i>		
11:30 – 12:30	Dr. Peter Kaderjak	<b><i>Unbundling v. Vertical integration in the electricity sector: Key aspects, issues and policy guidelines</i></b>
12:30– 12:45		Q & A
<i>Lunch break: 12:45 – 14:00</i>		
<i>Afternoon</i>		
14:00 – 15:15	Dr. Vidmantas Jankauskas	<b><i>Key characteristics of regulatory commissions (Autonomy-Authority-Accountability-Ability)</i></b> - Roles, functions and institutional setting of regulatory commissions. Alternative operational schemes and assessment. International benchmarks of structures and status of European regulatory institutions. - Regulatory independence from direct influence by the industry and political process. - Political impact of regulatory decisions (tariffs). - Decision-making independence and financial autonomy. - Case study: How to build an independent regulator (practical implications)
15:15 – 15:30		Q & A
<i>Coffee break: 15:30 – 15:45</i>		
15:45 – 16:45	Dr. Vidmantas Jankauskas	<b><i>Recent EU energy policy developments</i></b> - EU energy policy legislation and developments: drivers and directions - Security of supply, competition, role of regulator and industry - Cost analysis of security of supply and

16:45 – 17:00		competition - Third Package and fiscal autonomy - Regional benefits and relevance for Kosovo  Q & A
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**Tuesday, April 15: Regulation as a tool for solving energy sector challenges in Kosovo**

*Target Audience:*

Ministry of Energy and Mines (MEM)  
 Members of Government  
 Members of Assembly  
 Energy Regulatory Office (ERO)  
 Utility industry (KEK and KOSTT)  
 Media community  
 Consumer associations and civil society

Objective: To discuss sector-specific technical approaches, case studies, methodologies and applications to enhance the energy reform process

<i>Morning</i>		
09:00 – 10:45	<b><u>Panel Discussion:</u></b>  Moderator: Dr. Robert Muharremi, Director of Center for Energy and Natural Resources (CENR), AUK	<i>Issues and Challenges in Kosovo's            energy sector</i>
09:10 – 09:25	Mr. Azem Kastrati, Head of Customer Protection Department, ERO	<i>(Energy legislation, regulatory            framework, authority, tariffs and cost            recovery, monitoring, service quality,            markets, affordability, generation and            transmission adequacy, investment, etc.)</i>
09:25 – 09:40	Mr. Driton Rrustemaj, Director of Regulatory Affairs, KEK	
09:40 – 09:55	Ms. Resmije Ahma, Director of Legal and Regulatory Department, KOSTT	
09:55 – 10:10	Dr. Lorik Haxhiu, LPTAP Project Manager	

<i>Coffee break: 10:10 – 10:30</i>		
10:30 – 12:00	<p><b><u>Panel Response:</u></b></p> <p>Moderator: Mr. Robert Archer, Deputy Chief, Energy &amp; Infrastructure, Europe and Eurasia, USAID</p> <p>PA Government Services representative BearingPoint representative Dr. Vidmantas Jankauskas Dr. Peter Kaderjak Mr. George Young</p>	<p>Response to priority issues raised by panel stakeholders to address and solve challenges in Kosovo’s energy sector</p> <p>Open discussion following presentation and responses of regulatory, institutional, implementation, and industry challenges</p>
<i>Lunch break: 12:00 – 13:00</i>		
Afternoon		
13:00 – 14:15	Dr. Peter Kaderjak	<b><i>Rate-of-return regulation and Key issues in applying incentive price regulation</i></b>
14:15 – 14:30		Q & A
14:30 – 15:15	Dr. Vidmantas Jankauskas	<p><b><i>Affordability of cost covering utility tariffs</i></b></p> <ul style="list-style-type: none"> <li>- Financial sustainability of utility operations by applying cost-reflective tariffs (consumers should not be protected by prices that do not cover utility costs)</li> <li>- Price distortions (rationing, over-consumption)</li> <li>- Treatment of affordability outside of the regulatory framework</li> </ul>
15:15 – 15:30		Q & A
<i>Coffee break: 15:30 – 15:45</i>		
15:45 – 17:00	Dr. Vidmantas Jankauskas and	<b><i>Universal service obligations in liberalized markets</i></b>

17:00 – 17:15	Dr. Peter Kaderjak	<ul style="list-style-type: none"> <li>- Some consequences of private participation in the energy sector</li> <li>- Customer protection in restructured market environment</li> <li>- Supplier of last resort</li> <li>- Experience and solutions from ERRA region (Lithuania and Hungary)</li> </ul> <p>Q &amp; A</p>
17:15 – 17:45	<p><b>Wrap-up discussion: Emerging regulatory and industry issues in Southeast Europe</b>  Moderator: Dr. Vidmantas Jankauskas and Dr. Peter Kaderjak</p>	

**Wednesday, April 16: Fiscal autonomy and budget oversight for regulatory agencies**

*Target Audience:*

Ministry of Energy and Mines (MEM)  
Members of Government  
Members of Assembly  
Energy Regulatory Office (ERO)  
Utility industry (KEK and KOSTT)  
Media community  
Consumer associations and civil society

**Objective:** To provide participants with an understanding of budget formation for regulatory agencies and share best practices in fiscal autonomy and oversight.

<i>Morning</i>		
09:00 – 09:45	Mr. George Young	<p><b><i>Fiscal autonomy for public agencies</i></b></p> <ul style="list-style-type: none"> <li>- Importance of ensuring budgetary independence of regulators</li> <li>- Oversight, accountability, ethical and fraud issues, wasting resources</li> <li>- Formal (legal provisions) and practical steps to ensure fiscal autonomy and insulation from political purposes</li> </ul>
09:45 – 10:00		Q & A
10:00 – 10:45	Dr. Vidmantas Jankauskas and Dr. Peter Kaderjak	<p><b><i>Comparative views on budget process for regulatory agencies from ERRA region</i></b></p>

10:45 – 11:00		<i>(case studies from Lithuania and Hungary)</i>  Q & A
<i>Coffee break: 11:00 – 11:15</i>		
11:15 – 12:30	Mr. George Young	<b><i>The structure of a regulatory agency budget</i></b> - Fiscal budget foundations - Economic foundations - Illustrative regulatory budget design and process  <b><i>Budget approval process and review in practice</i></b> - Role of relevant agencies (regulator, legislature, general public, auditors, etc.)
12:30 – 12:45		Q & A
12:45 – 13:15	<i>Course Evaluations (written) and Suggestions</i>  <i>Farewell</i>	
<i>Lunch break: 13:15 – 14:30</i>		