

National Agency for Energy Regulation (ANRE)

Nicolae Triboi
General Director

October 28 - November 1, 2002



A N R E

- ⇒ Authority
- ⇒ Structure
- ⇒ Functions





Brief Chronicle

- August 1997: ANRE was established as a permanent authority of public administration acting as a legal entity, not subordinate to any other state or private structures, and the purpose of which is to regulate economic and commercial activities in power, heat and gas sectors, issuing licenses, promoting a balanced tariff policy and consumer protection.
- September 1998: Gas Act and Electricity Act enacted by Parliament establishing ANRE authority, mandate and structure.
- September 2001: ANRE starts its regulatory activity of petroleum products sector.
- May 2002: ANRE declares the liberalization (up to 10%) process of electricity market starting with 2003.



ANRE Mandate

- Balance interests and promote non-discriminatory relations between energy companies and consumers
- Issue licenses for energy-sector activities and establish regulated service tariffs
- Establish and uphold energy service quality standards
- Provide incentives for an efficient activity of energy companies
- Support privatization of energy sector enterprises



ANRE Regulatory Principles

- Cost-based tariffs utilizing rate of return ratemaking concept
- Prudent and reasonable investment and expense recovery
- Reasonable rate of return
- Minimize cross-subsidies



ANRE Authority

- Issue licenses for:
 - ✓ Power generation
 - ✓ Transmission and dispatch of power
 - ✓ Natural gas transmission
 - ✓ Electricity and natural gas distribution and retail supply
 - ✓ Import, wholesale and retail trade of main petroleum products
 - ✓ Import, wholesale and retail trade of liquified gas



ANRE Authority (cont'd)

- Monitor compliance with terms and conditions of licenses
- Establish cost-based tariffs and tariff structures
- Development and approval of rules and regulations for regulation of electricity, natural gas and petroleum products markets

7



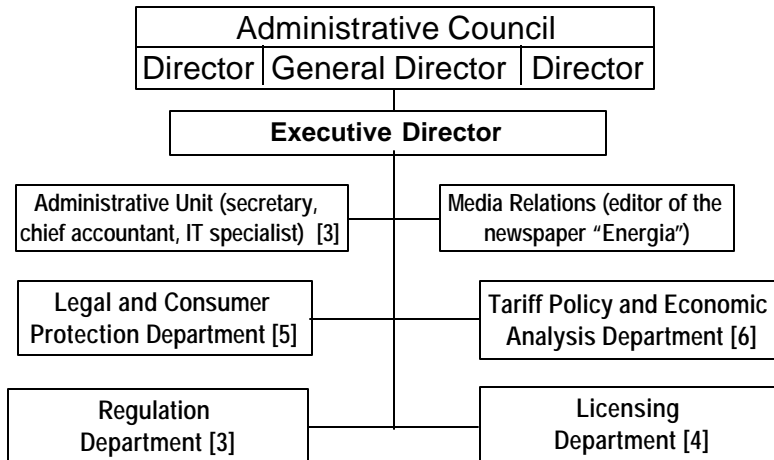
ANRE Budget

- From fees levied on licensed activities (per kWh sales, etc.)
- Subject to approval by Government, and thus subject to Government-established salary structures standards (rather than market-based)
- Year 2002 budget: \$205,000

8



ANRE Organization Chart



9

ANRE Organization (cont'd)

Staff of 28 specialists in the following areas:

- legal
- power
- economic and financial
- journalism and public relations

10



ANRE Governance

- Decision-making body is Administrative Council, composed of three directors:
 - Mr. Nicolae Triboi, General Director (appointed in April, 2001)
 - Mr. Marin Profir, Director (appointed in December, 2000)
 - Mr. Vasile Carafizi, Director (appointed in February, 2002)
- Directors are appointed by government for a term of six years. No person shall serve as a Director for more than two full terms. Directors' terms are staggered
- Decisions by majority vote pursuant to public hearing.
- All decisions published in Monitorul Oficial
- Removal of Directors only under extraordinary circumstances: e.g. malfeasance



ANRE Departments

- Regulation Department:
 - Development of rules, regulations and technical norms regarding regulated activities
 - Monitoring of licensees' compliance with ANRE rules and regulations



ANRE Departments (cont'd)

- Legal and Consumer Protection Department:
 - Protection of legal rights and interests of consumers
 - Resolution of disputes between consumers and licensees
 - Development of Billing Service rules, Market rules, Performance Standards
 - Legal representation of ANRE (defend ANRE authority and orders before courts and other legal challenges)

13



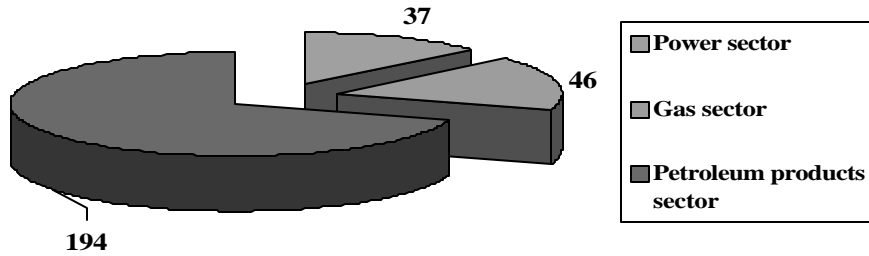
ANRE Departments (cont'd)

- Tariff and Economic Department:
 - Perform cost and economic studies
 - Development of tariff methodologies
 - Monitoring of investments and expenditures for regulated utilities
 - Recommend tariff levels and structures
 - Perform utility audits
- License Department:
 - Development of licenses for regulated activities
 - Monitoring of licensees' compliance with license terms and conditions

14

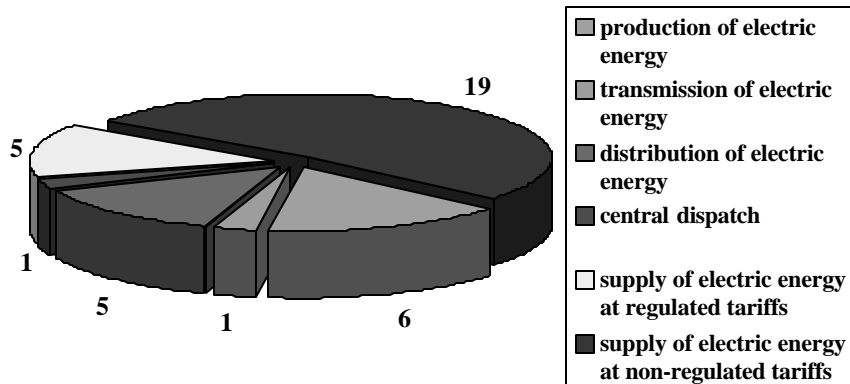


Licenses issued by ANRE –277



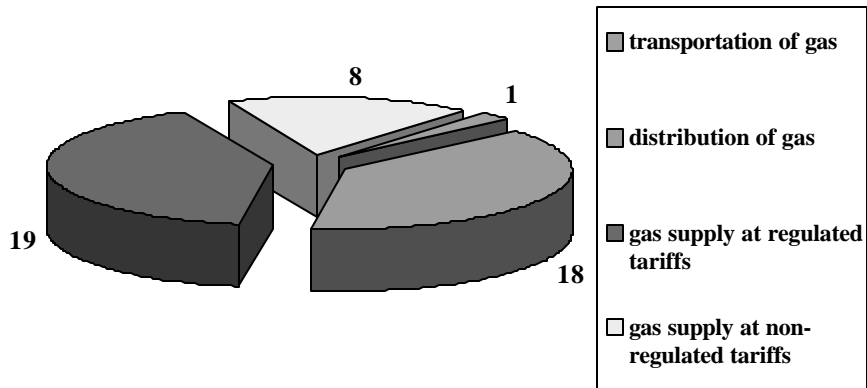
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Licenses issued by ANRE (cont'd) Power Sector



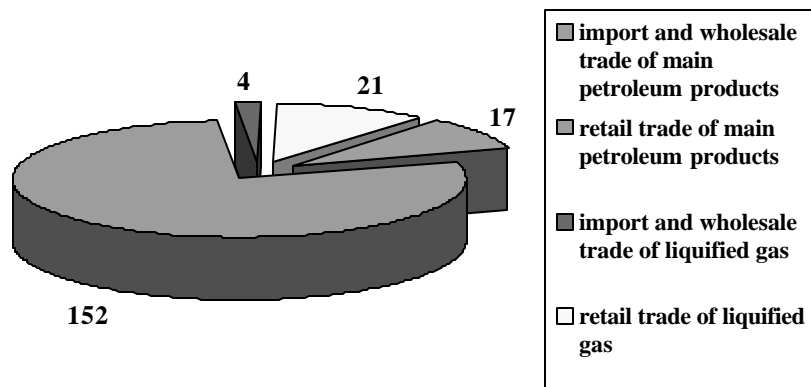
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Licenses issued by ANRE (cont'd) (Gas Sector)



17

Licenses issued by ANRE (cont'd) Petroleum Products Sector



18



International Activities

ANRE's foreign activities are focused on:

- Establishing relationships and exchanging views on common goals and policies in the energy sector regulation
- Strengthening staff skills through partnerships and training opportunities



International activities (cont'd)

- Co-operation with the United States Agency for International Development (USAID) and National Association of Regulatory Utility Commissioners (NARUC)
- Active participation in the Energy Regulators Regional Association of the Central/Eastern European and Newly Independent States region (ERRA) and the Standing Committees



International activities (cont'd)

- ANRE hosted the Pricing/Tariff Committee Conference in Chisinau in June 2001
- Working towards compliance with EU ascension requirements
- Co-operation with International Donors and Organizations

21





Issues

- ❑ Evaluating Utility Performance to maintain continuous good Quality Service (too many complaints of shut-off due to equipment theft, disputes)
- ❑ Prevent Energy Thefts and reduce System Losses
- ❑ Staff Technical Skills Development, Training
- ❑ Adequate salary levels to attract professionals

22



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- ❑ Broader Public Participation in Decision-making Process
 - ❑ Develop Incentives and Criteria for improved Cost efficiencies in delivery of Service to Consumers
 - ❑ Develop utility audit capabilities
 - ❑ Efficient, cost-reflective tariff structure: Voltage differential, Seasonal, TOD etc.
 - ❑ Address collection problem, specially for state-enterprises and budget organizations
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23



ANRE Relationships with Parliament and Government

- **Parliament of the Republic of Moldova** – supreme representative and legislative body, consisting of 101 deputies elected by universal, equal, direct, secret and freely made vote.
- Parliament is elected for a 4-year mandate that may be extended by organic law in case of war or calamities.
- Parliament assembles in two sessions: February-July and September-December.

24





ANRE Relationships with Parliament and Government

- Deputies represent three parliamentary fractions:
 - Fraction of Communist Party of the Republic of Moldova – 71 deputies (59 are members of Communist Party of the Republic of Moldova, 12 – non-party deputies)
 - Fraction of Social Democratic Alliance of Moldova – 19 deputies
 - Fraction of Christian-Democratic Peoples' Party – 11 deputies



ANRE Relationships with Parliament and Government

- ANRE adopts resolutions without Parliament or Government approval
- ANRE consults with Parliament deputies and Committees on legislative amendments, initiatives. Provides written comments on all legislative proposals
- Advises legislature on major ANRE decisions and activities through the committees



ANRE Relationships with Parliament and Government

- **Government of the Republic of Moldova** is the executive power of the state
 - Government consists of 13 ministries and 9 departments.
 - Cabinet of 18 persons

27




ANRE Relationships with Parliament and Government (cont'd)

- ANRE directors appointed by Government
- Consultation with Prime Minister on major tariff decisions
- Inter-action with Ministry of Energy on broad Energy Policy issues (Import, Security of Supply, development of domestic capacities etc.)

28





ANRE Relationships with Parliament and Government (cont'd)

- Provide assistance to Dept of Privatization on privatization of energy enterprises
- ANRE consults with Ministry of Finance on Budget Approvals
- From time to time Govt or Parliament appoints Commissions to review ANRE activities and rate decisions