



FRAMEWORK PAPER

# Regulatory Reporting Requirements

ELECTRICITY SECTOR

**October 2012**

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## 1 Preface

The Utilities Regulatory Authority (the Authority) is Vanuatu's independent economic regulator of electricity and water services throughout Vanuatu. The Government of Vanuatu established the Authority on 11 February 2008 under the *Utilities Regulatory Authority Act No. 11 of 2007* (the Act).

The Authority is responsible for the regulation of services in the electricity and water sectors. Our role differs in each regulated industry but generally involves regulating prices, service standards, and market conduct and consumer protection. We also investigate and advise the government on regulatory matters that affect Vanuatu's regulated utilities.

The Act states that our primary objective is to ensure the provision of safe, reliable and affordable regulated services, maximize access to regulated services throughout Vanuatu and to promote the long term interests of consumers.

As submitted to stakeholders in its "Regulatory Reporting Requirements Issues Paper" released in March 2012, the Authority faces substantial challenges where regulatory needs are not always met by corporate financial accounting. Therefore, the Authority aims to update and improve the regulatory reporting requirements, allowing future reviews to be simpler and information more transparent.

The Authority seeks comments from stakeholders on the framework proposed to conduct the review of the regulatory reporting requirements and related material. In order to establish the appropriate guidelines and implement advanced regulatory accounting standards, applying the proposed framework will:

- ensure the review is performed in respect of the rules set by the Act and all relevant contracts endorsed by the Utilities and the Government of Vanuatu, with respect to the matters of regulatory reporting and accounting;
- set the appropriate methodology to review the reporting requirements and material in a transparent and consistent manner, in consultation with all stakeholders and preventing any discrimination;
- establish reporting principles to be met by any material provided or enquiry made under the scope of regulatory reporting requirements;
- define appropriate scale and scope whenever a comparison is made;
- support the independence of the Authority when performing the review and avoid any conflicts of interest;
- review the mechanism in place to appoint third part adviser and auditors whenever it is required to perform the review; and
- further support the objectives of the Authority's Act.

The above framework will support the establishment of appropriate guidelines to make the tariff setting process simpler and more transparent. Also, standardized reporting will make it possible to efficiently track and report on the performance of utility companies.

## *2 How to respond to this paper*

All stakeholders including the government, utilities, electricity customers and members of the public, are invited to comment on the issues set out in this paper. Responses and information received will be considered in the formulation of a Draft Decision, setting out the Authority's preliminary decision for the establishment of regulatory reporting requirements for the utilities.

Submissions are due on **6 December 2012** and can be emailed to Olivier Fernandez, Regulatory & Finance Analyst, [oferandez@ura.gov.vu](mailto:oferandez@ura.gov.vu) or mailed at:

Regulatory Reporting Requirements – Framework Paper October 2012

Utilities Regulatory Authority

PMB 9093

Port Vila, VANUATU

Submissions may also be made in person at the office of the Utilities Regulatory Authority located on the ground floor of the VNPF Building, Port Vila, Vanuatu.

Submissions will be made available on the Authority's website in accordance with the Authority's submission policy.

Any material that is confidential should be clearly marked as such.

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## 3 Introduction

### 3.1 Preamble

The *Utilities Regulatory Authority Act No. 11 of 2007* (the Act) establishes the Utilities Regulatory Authority (the Authority) of Vanuatu. The Authority is a corporate body with perpetual succession, acting independently from the Government of Vanuatu. The Authority's Commission consists of three Commissioners, a Chairperson and two part-time Commissioners of which one is the Chief Executive Officer of the Authority.

The Act empowers the Authority to regulate certain utilities, in particular, the provision of electricity and water services in Vanuatu.

The Authority's core functions with respect to electricity utilities include:

- Monitoring and enforcing existing concession contracts, which include checking monthly price adjustments made by the utilities, monitoring service standards and technical performance, reviewing yearly financial reports and auditing operating report processes;
- Renegotiating and setting tariffs in consultation with stakeholders in accordance with the relevant concession contracts and legislative instruments;
- Managing consumer complaints by assisting consumers resolve grievances and/or complaints with the utilities;
- Advising the Government of Vanuatu on utility-related matters as requested; and
- Communicating with the Government of Vanuatu, utilities, customers and the general public to provide information or updates about matters relating to utilities.

For the provision of utility services, the Vanuatu Government has awarded electricity concessions to UNELCO on the Islands of Efate, Tanna and Malekula and a water concession in Port Vila.

On the Island of Santo, Vanuatu Utilities and Infrastructure Ltd (VUI) was awarded the contract to operate and maintain the Luganville electricity network in November 2010 and has been providing electricity services in Luganville under a Memorandum of Understanding, and a draft concession deed.

The concession contracts and agreements set out certain rules and specifications regarding service coverage, the quality of service to be provided, tariff setting requirements, as well as the need for substantial information to be provided to the Government of Vanuatu and the Authority, which monitors the utilities' performance.

The Act empowers the Authority to exercise certain functions and powers of the Government of Vanuatu relating to the existing concessions and contracts for electricity services.

### **3.2** *Purpose of this paper*

The purpose of this paper is to seek stakeholder comments on the approach and methodology proposed by the Authority to address issues in relation to informational requirements and regulatory reporting by electricity utilities in Vanuatu.

The paper seeks comments on the following key sections in particular the:

- methodology proposed to address regulatory reporting issues as outlined in this paper;
- general principles applying to regulatory reporting and reporting material; and
- process used to assess regulatory reporting material as proposed by the Authority.

The Authority has set out its proposed approach in this Framework Paper on which stakeholders are invited to comment.

However, stakeholders should make any comments that they wish on the proposed review process that may not be covered in this paper.

### **3.3** *Structure of this paper*

This paper sets out the Authority's approach and proposed framework to address issues related to implementing effective regulatory reporting, focusing specifically on the information asymmetry that exists between the regulator and the utilities.

Chapter 4: "Regulatory reporting requirement review" outlines the Authority's proposed methodology and approach in reviewing existing legislative and contractual requirements that set out the reporting obligations on utilities to provide certain information for regulatory purposes.

Chapter 5: "Regulatory reporting material assessment" describes the general principles that apply to regulatory reporting, the provision of material and enquiries made in that context by electricity utilities across Vanuatu. It also sets out the process to be adopted by the Authority when assessing the regulatory reporting material provided by the regulated entities.

## ***4 Regulatory reporting requirements review***

### ***4.1 Background***

During the electricity tariff review, the Authority outlined in its final decision paper a lack of consistency and transparency of regulatory reporting information provided by utilities operating in Vanuatu. The Authority noted as a major source of concern its lack of access to reliable, consistent and transparent financial and accounting information.

In March 2012, the Authority published its Regulatory Reporting Requirements Issues Paper.

The purpose of the paper was to seek stakeholder comments on the issues identified and raised by the Authority in relation to informational requirements and regulatory reporting by electricity utilities in Vanuatu.

The Authority set out its assumptions and specific issues on which stakeholders were invited to comment. The key issues which the Authority identified were in relation to the:

- general principles for regulatory reporting outlined in the issues paper;
- application of the rules and definitions of regulatory reporting; and
- nature and the form of information to be provided to the Authority for the purpose of regulatory reporting.

No submissions or comments were received on the Authority's Regulatory Reporting Requirements Issues Paper March 2012.

### ***4.2 Rationale and objective***

The Authority noted in its Issues Paper that the review aimed to address, among other things, the issues of inconsistency, accuracy and transparency of the material provided under existing legal and contractual rules.

To ensure that the Authority gains a full appreciation of internationally accepted practices and standards, the Authority proposes to undertake a review and comparison of international regulatory practices and standards, to support the Authority's approach in developing and establishing its regulatory reporting requirements. The Authority aims to introduce regulatory reporting conducive to the needs of Vanuatu's energy sector that achieves compliance with international best practice and standards.

This review further aims to provide the Authority with:

- a consistent, uniform and accurate set of data recorded in a transparent manner by the Utilities; and
- enhanced regulatory reporting requirements to the Utilities, complying with international standards and allowing comparative performance assessments to be made between service providers.

The Authority commenced an initial review of the material provided by stakeholders and published its findings and conclusions in its Regulatory Reporting Requirements Issues Paper March 2012. The paper highlighted, specific issues and identified the initial steps of the review process to be undertaken.



An important component of work to be undertaken by the Authority in this review will be an assessment and comparative analysis of international standards and information, including stakeholder feedback on the Authority's approach and methodology.

In accordance with its Act and the Authority's Charter of Consultation and Regulatory Practice, the Authority will continue to undertake public consultations and seek stakeholder feedback on this paper and in developing its regulatory reporting requirements for the regulated utilities in Vanuatu.

### **4.3 *The Decision process, a four stage approach***

The regulatory reporting requirements review is a four-step process that relies on both auditing principles and a benchmark comparison:

**Step 1 \_ "Regulatory Reporting Requirements, Issues Paper"**: the Authority has released a document to summarize general issues outlined while reviewing existing material, legal and contractual obligations.

- **Regulatory reporting material assessment**: the Authority has applied a financial auditing methodology (detailed in section 5) set to track the consistency, the accuracy and the transparency across the multiple reporting statements and levels of detail in the material provided by the Utilities.
- **Stakeholders and public consultation**: the Authority share its findings and views on issues and try to get a better understanding of the respective internal reporting process through its consultation. The issues paper will be subject to comments and submissions by the regulated entities.

**Step 2 \_ "Regulatory Reporting Requirements, Framework Paper"**: the Authority will propose a framework to review existing requirements and material. The methodology relies on reporting principles to be matched and is set to test the compliance of existing material.

- **Set a framework to review existing material** provided by the regulated entities.
- **Set a methodology** to test the compliance of existing material with reporting principles to be endorsed by all stakeholders.
- **Stakeholders and public consultation**: the Authority will raise issues and try to get a better understanding of the respective internal reporting process through its consultation. The framework paper will be subject to comments and submissions by the regulated entities.

**Step 3 \_ "Regulatory Reporting Requirements, Draft Decision Paper"**: the Authority will take into account the submissions made by all stakeholders before releasing this paper. The final step will set guidelines for reporting requirement applying to Utilities operating under the scope of the regulatory body.

- **Comparison to international standards & benchmark approach**: the Authority will seek international regulatory reporting standards to compare existing rules, set extended requirements and support its Decision Paper.

- **Stakeholders and public consultation:** the Authority will raise issues and try to get a better understanding of the respective internal reporting process through its consultation. The draft decision paper will be subject to comments and submissions by the regulated entities.

**Step 4 \_ “Regulatory Reporting Requirements, Final Decision Paper”:** the Authority will take into account the submissions made by the utilities before releasing its final decision. It will set guidelines for reporting requirement applying to Utilities operating in Vanuatu under the scope of the Authority.

- **Review of the Draft decision paper** taking Stakeholders submissions into account.
- **Stakeholders and public consultation:** the Authority will raise issues and try to get a better understanding of the respective internal reporting process through its consultation. The final decision paper will be subject to comments and submissions by the regulate entities.
- **Gazette** the Final Decision Paper once approved by the Commissioners.

**Stakeholders are invited to comment on the Authority’s proposed approach to review reporting requirements and material set out in this chapter.**

## 5 Review methodology

The Framework paper describes the regulatory approach in a global review of the existing regulatory reporting requirements to the Utilities operating in Vanuatu and providing services under the scope of the law or concession contract. In order to assess existing regulatory reporting requirements and outline issues, the Authority has adopted a methodology relying on audit and accountancy best practice detailed below.

### 5.1 Review of required documentation

In a first stage, The Authority will review the legislation and concession contracts to set a list of mandatory documents, identified as regulatory reporting material originated by the utilities. The documents will split in two categories, accounting and financial statements or tariff review.

According to the Section 3, Article 13(2)(a) of the Utilities Regulatory Act (“The Act”), the list of documents to be provided by the Utilities is by definition non-exhaustive and could be reasonably extended by the Authority seeking improved efficiency and transparency on reporting. Thus a comparison between the existing list of requirements and international regulatory practice will mark the second step of the review, to determine whether or not it could be improved. The consultative approach adopted by the Authority encourages the Stakeholders to participate, review the list and comment on missing information or potential improvement on existing documents.

#### 5.1.1 Formats

Reviewing the regulatory reporting material, the Authority will focus on the formats required in the relevant legislation and contracts ruling the provision of regulated services and the Utilities. As a matter of consistency, the Authority will compare existing reporting material across time and against comparable material available internationally, as well as the mandatory formats. Wherever it is reasonably justified and not contrary to existing law or contract, the Authority will enhance the format and provide details on how to present the mandatory information and reporting documents. Stakeholders will be involved during the review and invited to comment.

#### 5.1.2 Timeframe

The periodicity of reporting and the frequency of reviews are both defined by the legislation and contracts. The Authority will outline the reporting timeframe and track requirements attached to any documents and information. Should any document or information lack precision regarding the time it is due by the Utilities, the Authority will review the process and propose an adapted timeline in its draft decision.

**Stakeholders are invited to comment on the Authority’s approach to review documents forming the regulatory reporting material according to existing legislation and concession contracts.**

## ***5.2 Definition of reporting principles***

In consultation with the Stakeholders, the Authority will assess existing reporting requirements and outline reporting principles. These will be defined and, also they do not substitute to existing legislation and requirements, will have to be adopted by the Utilities and any entity associated in the process of supplying regulated services as defined by the Act.

Such principles are deemed to enhance the quality of the reporting seeking transparency, consistency and accuracy or information produced by the Utilities. In order to set these principles, the Authority will test the existing material and invite the Stakeholders to comment on the findings and the decision.

## ***5.3 Preparation of regulatory material assessment***

### ***5.3.1 Methodology***

The preparation of the regulatory reporting material has to be understood as the process adopted by the Utilities to produce mandatory documents and information. In line with the Section 3, Article 13(2)(b) of the Act, the Authority is entitled to question the Utilities as to the manner in which it carries on activities related to regulated services. Thus the process of preparing the regulatory reporting material will be reviewed step by step for the relevant sections thereafter (5.3.2 to 5.3.5). Should the Authority find appropriate to improve the process where the interpretation of the contractual or legal framework is not efficient, it will recommend adapted methodology and appropriate process in consultation with the Stakeholders in its decision paper.

### ***5.3.2 Disaggregation***

Disaggregation of accounting and financial information is common practice to bridge the gap between regulatory and statutory reporting, as the last often lacks details or regroups activities in a manner that is not transparent enough or satisfactory for mandatory regulatory reporting.

Testing the existing regulatory material as described thereafter in ch.5.3.5, the Authority will assess whether the following elements are detailed enough and comprehensive for regulatory purposes or not:

- the breakdown by activities or business segments;
- account headings;
- the business entities and perimeters;
- the Regulatory Asset Base breakdown.

Disaggregation process and rules will be proposed by the Authority in its decision paper wherever it is understood that the relevance of information or its traceability may be affected by the preparation principles adopted by the Utility and entities involved in the process of providing regulated services.

### ***5.3.3 Cost allocation***

The notion of cost allocation cannot be separated from disaggregation as it is tied to the breakdown of activities, related to the provision of regulated services, into business segments. In first instance, the Authority will be looking at the cost breakdown into existing regulatory material and pay attention to:

- direct and indirect costs allocation;
- allocation of shared services and related costs;

- adjustments related to customer contributions;
- and the causation rules applied to items or assets not directly attributable.

Existing cost attribution rules as well as their impact on the RAB will be investigated and should any clarification required, complementary information or explanations regarding accountancy practice will be requested from the Utilities during the review.

In its decision paper, the Authority will propose cost allocation principles to enhance existing rules and improve the consistency of the regulatory material provided by the utilities. The rules will rely on extensive analysis of the existing material as well as comparison to international regulatory practice.

#### ***5.3.4 Transactions recording***

For what matters to transaction recording, the Authority will test the rules applied by the utilities to record a price, in purchase or selling, and look at asset transfers between concessions when the Utility has been awarded multiple contracts, and between business segments or entities of the company.

Looking into existing regulatory reporting material, the Authority will track the consistency between entries corresponding to a single transaction between entities, business segments or concessions, as well as the price which cannot exceed the fair market value. Recording of purchase will be compared to invoices as described thereafter in section 5.3.5.

In its decision paper, the Authority will highlight rules applying to transactions based on his extensive comprehension of the preparation principles adopted by the Utilities and its expertise and knowledge of international practice. The consultative approach endorsed by the Authority will provide opportunities for the utilities to comment on such rules and propose ways to enhance the existing reporting.

#### ***5.3.5 Assessment Methodology***

In order to test and assess the exiting reporting material provided by the utilities under the law or contracts ruling the provision of regulated services as described in the Act, the authority proposes the following approach to be reviewed by the Stakeholders and used to review the preparation of the regulatory reporting material.

The process endorsed by the Authority is a building-up methodology starting at invoice level which aims to reconcile individual accounts with main stream lines in the financial statements. A full chart describing the process has been annexed to the framework paper.

The methodology proposed to assess the regulatory material divides in three levels: invoices, ledgers, and cash flows and fixed assets depreciation statements. The authority will proceed with testing at each of the above levels.

Invoice checking:

1. The amount on invoice has to match with the one recorded in the books.
2. The amount has to be in vatu or show corresponding value in vatu and foreign exchange rate.
3. The asset or service purchased has to be described in transparent manner.

Ledgers control:

1. Reported amounts must have corresponding invoices.
2. The quantities or number of units are matching invoices.
3. The balance between the beginning and the end of the year is calculated for each account, summed up and cross checked with the cash flow statement.

Cash flow “CFS” and Fixed assets depreciation “FADS” statements:

1. Ledgers must feed into both the CFS and FADS, allowing the Authority to retrace and balance accounts.
2. Every single line of the CFS and the FADS has to be identified by the corresponding account number feeding in (nomenclature).

Any issue related to above controls, mismatching amounts, missing documents, lack of transparency or unjustified operations, will be recorded and used to enhance the reporting rules, thus seeking to improve the regulatory reporting as outlined in the decision paper.

**Stakeholders are invited to comment on the methodology endorsed by the Authority to review the preparation of the reporting material as discussed in this chapter.**

## **5.4 Review of required information**

According to the legislation and concession contracts, certain information related to the provision of regulated services as defined by the Act are mandatory. Having established a list of documents to be provided by the Utilities in ch 5.1 above, while addressing the preparation in ch.5.3, the Authority will now review the quality of information provided according to the reporting principles defined in ch.5.2. Following subsections of the Framework paper highlight the Authority’s intended approach. The review of required information aims to test whether the existing regulatory framework supports the Utilities to produce quality information, and outline areas of improvement to be addressed in consultation with the Stakeholders in the decision paper.

### **5.4.1 Provisions**

Provisions are linked to the nature of the business, its risk profile, and the tax regime associated, thus provisions made for statutory reporting purposes are often more complex and of a wider scale than permitted or required for regulatory purposes. The first step for the Authority will be to identify the nature of provisions allowed under the legislation or as defined by existing concession contracts in order to set a perimeter of review and define appropriate accounting restatements.

Then the Authority will address separately each type of provision as defined under the law or by concession contracts and review the existing material accordingly. In the meantime, the Authority will browse relevant international documents addressing provision’s related regulation and propose reporting standards supporting enhanced clarity, in line with disaggregation principles.

### ***5.4.2 Regulated asset base***

The Authority will perform the review of the rules inherent to the management of the RAB as defined in each concession contract. It will address key topics like ageing of assets, recording of new assets, RAB assets' turnover and any matter related to the write off and adjustment for assets deterioration.

An individual review of the RAB attached to each concession will be performed by the Authority, to demonstrate whether the quality of information provided by the Utilities satisfies the requirements and to outline areas of improvement whenever it is reasonable and achievable. The findings will be shared and addressed in consultation with the stakeholders in the decision paper. Propositions made by the Authority will rely on a benchmark of documents released by established regulators addressing the issue.

### ***5.4.3 Transactions***

Rules defined by the legislation or concession contracts and applying to the reporting of transactions will be assessed by the Authority. Having addressed the recording of transactions in above chapter, the purpose of the review of information related to transactions is to test whether the quality and quantity of information provided is sufficient and suits regulatory practice.

Rules set by regulators to address transaction reporting will be browsed and compared to Vanuatu in order to outline areas of improvement and set a range of recommendation to be shared with the stakeholders in the decision paper.

### ***5.4.4 Contributions***

The authority will address information related to third party or customer contributions and test the level of information disclosed against legal and contractual requirements. The authority's stance is to leverage on the reporting material provided by the Utilities and compare to existing reporting standards addressing contributions. Particular attention will be paid to contributions in kind and their valuation. Sticking to the consultative approach, the Authority will share its findings and propose relevant improvement in connection with the performance of its functions.

### ***5.4.5 Capital and Operating expenditures***

Rules applying to the disclosure of capital and operating expenditures are defined within concession contracts and guidelines for tariff review released by the Authority under the functions conferred by the Act. Recalled by the utilities in their respective Investment Plans, critical input into the model used to set the tariff of regulated services, capital expenditures as well as operating expenditure will be addressed separately in the regulatory reporting requirement review.

In the review of information tied to capital expenditures, the Authority will categorize expenditures by nature first and read through the regulatory material provided to test the legibility of information. Should the categorization of capital expenditure prove difficult, then the Authority will outline issues and propose standardized information allowing efficient investigation and comparison in the exercise of the powers of the Authority. Standards for information will be defined through a comparative assessment of existing rules established by international regulators monitoring comparable regulated service providers, with a focus on the breakdown of information, the nature of expenses and the transparency of reporting.

#### **5.4.6 Extraordinary items**

Occurring by definition outside of the scope of ordinary activities or in the normal process of supplying regulated services, extraordinary items have to be clearly identified in order for the Authority to assess their potential impact and the risk to jeopardize regulated activities.

The Authority's approach will ensure sufficient information is made available by the Utilities when reporting on extraordinary items. The Authority will review existing statements and documents to focus on the nature of extraordinary items, the reasons why they occurred and any following adjustment. The purpose of the review is to define whether information reported is sufficient to the Authority to apprehend the matter and protect the long term interest of the consumers. Propositions to meet a satisfying level of disclosure will be made by the Authority upon comparison to international practice.

**Stakeholders are invited to comment on the methodology proposed by the Authority to review the regulatory information as discussed in this chapter.**

### **5.5 Review of actions in the course of providing regulatory reporting requirements**

Final stage in the review of regulatory reporting requirements, the Authority will outline the responsibilities of each stakeholder in the course of providing regulatory reporting as legally or contractually required.

#### **5.5.1 Access to information**

The Authority will identify and review the relevant pieces of legislation and concession contracts defining access to information by the stakeholders as well as obligation to provide and grant access to information related to the provision of regulated services.

A comparison will be made to international rules to test whether existing requirements are satisfactory, and the Authority will propose enhanced guidelines in consultation with the stakeholders wherever it is understood that contractual or legal obligations are not supportive of reasonable regulatory practice.

#### **5.5.2 Appointment of auditors**

The Authority will identify and review the relevant pieces of legislation and concession contracts related to the appointment of auditors.

A comparison will be made to international rules to test whether existing requirements are compliant and supportive of reasonable regulatory practice.

The rules defining priorities for auditors appointed by regulated entities to certify their operations will be assessed and tested to grant that regulatory requirement are placed first in respect of the long term interest of consumers.



### ***5.5.3 Assistance from regulated entities***

The rules defining the level of assistance to be provided to the regulator in order to facilitate the process of reviewing regulatory reporting material will be outlined by the Authority. If the relevant legislation and contracts are not supportive of the functions granted to the Authority by the Act, a review of the rules and a comparison to international practice will provide the Authority with substantial material to propose extensive guidelines and grant reasonable assistance by the Utilities.

### ***5.5.4 Consequences***

Consequences related to the review or consecutive to the provision of regulatory reporting requirements will be outlined by the Authority.

The compliance to the rules is expected and findings on such obligations will be shared with the stakeholders in the decision paper.

As part of its review the Authority will consider the cost and convenience of compliance to the regulatory reporting requirement established.

### ***5.5.5 Responsibility***

Responsibility has to be understood as the responsibility of the directors of a regulated entity, Utility and regulated service provider, regarding the quality of information and processes used to produce the regulatory reporting material. Such responsibilities will be outlined by the Authority in the review of the relevant legislation and contracts.

If existing rules are proved insufficient when compared to international regulation for similar regulated services, the Authority will rely on its expertise and extensive research to provide guidelines in its decision paper. These will be discussed in consultation with the Stakeholders.

**Stakeholders are invited to comment on the approach proposed by the Authority to review actions in the process of providing the regulatory information as discussed in this chapter.**

## 6 Next Steps

This paper outlines the Authority's proposed framework and approach to review informational requirements and regulatory reporting by utilities in the electricity sector.

The Authority invites stakeholders to comment on the proposed methodology above, so as to assist the Authority in its review of existing material and potential issues.

Further, the Authority, in consultation with stakeholders, aims to update and improve the regulatory reporting requirements allowing future reviews to be simpler and information more transparent.

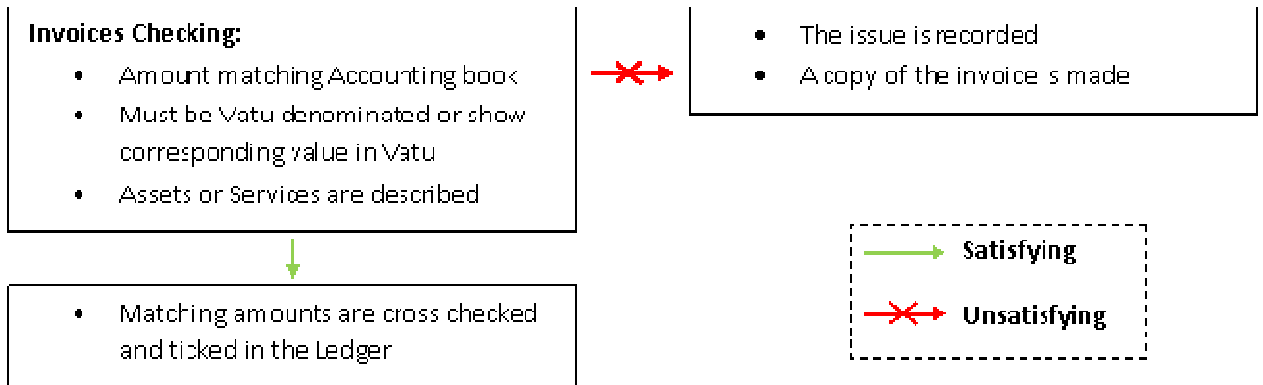
The Authority has set out below an indicative time frame for the development and application of its Regulatory Reporting Requirements Guideline.

| <b>Regulatory Reporting Guideline Review</b>                            | <b>Indicative Timeline*</b> |
|---|-----------------------------|
| Regulatory Reporting Requirements Issues Paper published by             | 28 March 2012               |
| Submissions on Issues Paper received by                                 | 28 April 2012               |
| Regulatory Reporting Requirements Framework Paper published by          | 6 November 2012             |
| Submissions on Framework Paper received by                              | 6 December 2012             |
| Draft Decision Regulatory Reporting Requirements published by           | 6 February 2012             |
| Submissions received on Draft Decision by                               | 6 March 2013                |
| Final Decision Regulatory Reporting Requirements Guideline published by | 6 April 2013                |
| Gazette   | 6 April 2013                |

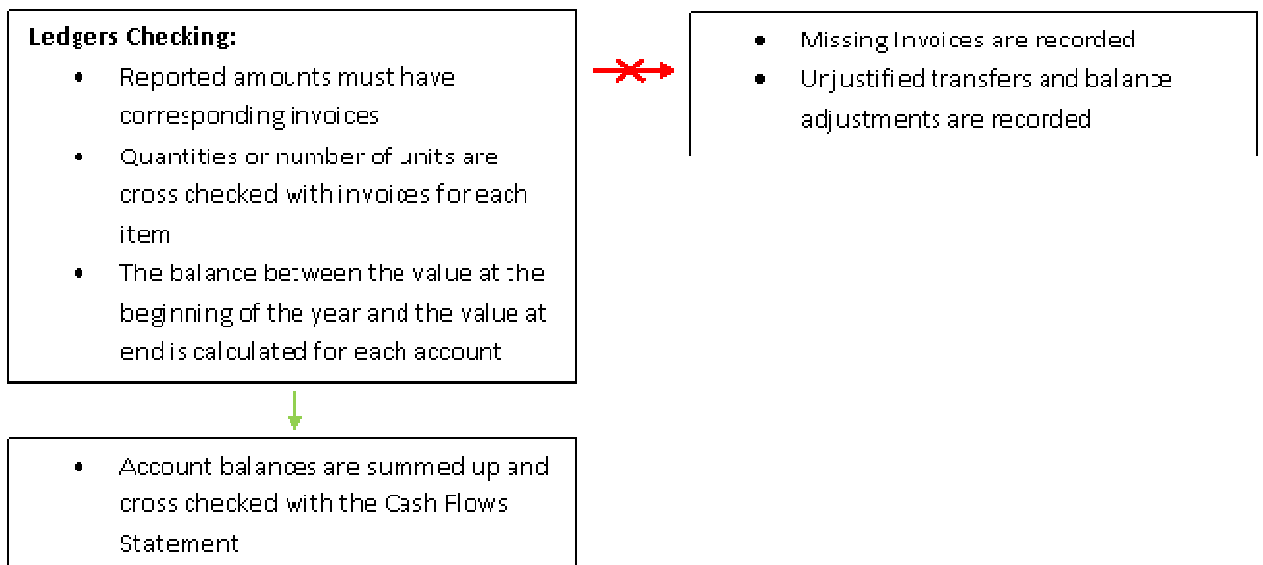
*\*Indicative timeline for information purposes only*

## Appendix A: Flow Chart - Review of the regulatory reporting material

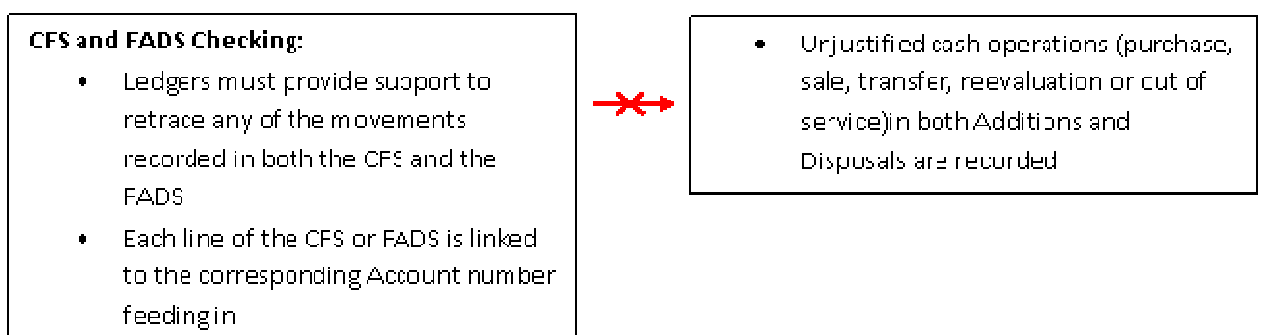
### LEVEL 1: Invoices



### LEVEL 2: Accounting Books



### LEVEL 3: Cash Flows & Fixed Assets Depreciations Statements



## **Appendix B: Proposed literature to be used as benchmark**

| <b>Date</b>   | <b>Title</b>  | <b>Author</b>                                     | <b>Nature</b>           |
|---------------|---|---|-------------------------|
| <b>Mar-11</b> | <i>Electricity distribution and retail - Accounting Ring fencing Guidelines</i>                       | <i>Office of the Tasmanian Economic Regulator</i> | <i>Guideline</i>        |
| <b>Jan-11</b> | <i>Objectives and priorities of electricity network service providers performance reports</i>         | <i>ETSA Utilities</i>                             | <i>Discussion Paper</i> |
| <b>Jul-10</b> | <i>Regulatory reporting</i>   | <i>Office of the Tasmanian Economic Regulator</i> | <i>Guideline</i>        |
| <b>May-10</b> | <i>Telecom accounting separation information disclosure requirements</i>                              | <i>Commerce Commission New Zealand</i>            | <i>Framework Paper</i>  |
| <b>Oct-09</b> | <i>Determination of the regulatory asset base after revaluation of license holder's assets</i>        | <i>Energy Regulators Regional Association</i>     | <i>Issues Paper</i>     |
| <b>Aug-08</b> | <i>Electricity distribution network service providers - Annual information reporting requirements</i> | <i>Australian Energy Regulator</i>                | <i>Issues Paper</i>     |
| <b>Jul-08</b> | <i>Electricity regulatory information requirements - Transmission and system control</i>              | <i>Essential Services Commission Australia</i>    | <i>Guideline</i>        |
| <b>Feb-08</b> | <i>Regulatory accounting procedures pertaining to the implementation of the IFRS</i>                  | <i>Alberta Utilities Commission</i>               | <i>Draft Decision</i>   |
| <b>Jan-08</b> | <i>Regulatory accounting guidelines for Trinidad and Tobago electricity commission</i>                | <i>Regulated Industries Commission</i>            | <i>Draft Decision</i>   |
| <b>Oct-07</b> | <i>Water industry regulatory accounting code</i>  | <i>Essential Services Commission Australia</i>    | <i>Accounting Code</i>  |
| <b>Jul-07</b> | <i>Regulatory accounting manual Volume 1</i>  | <i>National Energy Regulator of South Africa</i>  | <i>Draft Decision</i>   |
| <b>Dec-06</b> | <i>Electricity industry guideline No.3 Regulatory Information Requirements Issue</i>                  | <i>Essential Services Commission Australia</i>    | <i>Draft Decision</i>   |
| <b>Oct-00</b> | <i>The role of regulatory accounts in regulated industries</i>  | <i>Ofgem and Inter regulatory working group</i>   | <i>Discussion Paper</i> |

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**Utilities Regulatory Authority of Vanuatu**

You can access documents related to Electricity Regulation on our website [www.ura.gov.vu](http://www.ura.gov.vu), contact us by telephone (+678) 29 795, fax (+678) 23 521 or e-mail [office@ura.gov.vu](mailto:office@ura.gov.vu), write at Utilities Regulatory Authority, PMB 9093, Port Vila, Vanuatu, or visit our office in the ground floor of the VNPF building.