

GOUVERNEMENT DE LA REPUBLIQUE DU VANUATU

Autorité de Régulation des Services Publics
Ministère des Finances et de la Gestion Economique

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GOVERNMENT OF THE REPUBLIC OF VANUATU

Utilities Regulatory Authority
Ministry of Finance and Economic Management

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Utilities Regulatory Authority Work Program

2012

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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 fourth 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 2012 are:

- Review of electricity services, tariffs and tariff structure, and regulatory requirements in consultation with industry and other interested stakeholders.
- Monitoring of the Memorandum of Understanding (MOU) in the Luganville Concession.
- Review of investment plans and strategies for the regulated utilities.
- Conduct independent assessments and report on utilities service performances.
- Encourage and promote access to electricity and water services throughout Vanuatu at a price that is reasonable and affordable to consumers.
- Commence review of Regulatory Reporting Requirements for which Utilities will submit certain financial information in compliance with aspects of the regulatory framework.
- Administer, monitor and ensure compliance with concession contracts between the Government and the regulated utilities.
- Conduct public information campaigns to enable customers to better understand the energy market.
- Develop policies and guidelines for the management, administration and operation of the Utilities Regulatory Authority.

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 2012 year by publishing an updated version of the program on our website (www.ura.gov.vu).

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 essential 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 the 11th of 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 publicly 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

2012 WORK PROGRAM BY INDUSTRY SECTOR

ENERGY

Our 2012 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 2012 include:

- Deliver a final decision on UNELCO's pre-payment meter trial.
- Conduct performance assessments of the utilities services and benchmark their performances.
- Review of electricity tariffs and structure, and regulatory requirements in consultation with industry and other interested stakeholders.
- Review and regulatory assessment of the Takara Geo-thermal project.
- Review the investment plans and strategies for VUI in the Luganville Concession and UNELCO for the Port Vila, Tanna and Malekula Concessions.
- Monitoring of the Luganville Concession Memorandum of Understanding (MOU).
- Encourage and promote access to electricity services at an affordable price throughout Vanuatu.
- Continue monitoring regulatory information requirements for the electricity business to submit certain financial information and audit compliance with aspects of the regulatory framework.
- Maintain the URA website to inform consumers, industry and other interested stakeholders of matters relating to the activities of the Authority.
- Conduct public education programs to enable customers to better understand the energy market.
- Develop policies and guidelines for the management, administration and operation of the Utilities Regulatory Authority.
- Monitoring and administration of electricity concession agreements for the Port Vila, Luganville, Malekula and Tanna Island areas.

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

Project	Description	Commencement / Completion
Price Review Efate	Review and assessment of Efate Geo-thermal project	Q1 – Q4
Price Review (Luganville)	Review cost of electricity services and methodology for setting Luganville tariff	Q4
	Monitor implementation of the new tariff structure in Luganville	Q1-Q4

General Projects

Project	Description	Commencement / Completion
Pre-paid Metering Review	Issue a final decision on pre-paid metering usage by the regulated businesses	Q1
Utilities Performance Report	Evaluate and report on the regulated industry performance	Q2
Regulatory Reporting Requirements	Issue information requirements for the electricity businesses to submit certain financial information in compliance with the regulatory framework.	Q2
URA Strategic Plan	Develop and inform stakeholders of the Authority's Strategic Plan for 2012 - 2015	Q2
Investment Plans and Strategies	Evaluate and assess the regulated utilities Investment plans and strategies.	Q3-Q4
Global Program Output Based Aid (GPOBA)	Advice and support Government on funding/subsidy Scheme to improve access to electricity services throughout Vanuatu.	Q1-Q4
Vanuatu Energy Road Map	Advice and support Government on development of Energy Road Map	Q1-Q4
Vanuatu Regulatory Framework	Review the Regulatory Framework in Vanuatu and its effectiveness	Q4
Capacity Building	Implement training and development plans for all staff	Q1-Q4

Water Services

In 2012 our main focus in water regulation will be to:

- Issue Safety and Reliability Standards to ensure the provision of safe and reliable regulated services.
- 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
- Assess major capital investments proposed for urban and rural water systems, as the projects are confirmed.
- Maintain up-grade of the URA website to better inform consumers, industry and other interested stakeholders of matters relating to the activities of the Authority.
- Conduct public education programs to enable customers to better understand the water markets.

General Projects

Project	Description	Commencement / Completion
Regulated Industry	Review industry sector throughout Vanuatu to ensure compliance with relevant legislative instruments	Q1/Q3
Water Investment Plans and Strategies	Evaluate and report on UNELCO's Port Vila Investment Support Fund Network extensions in accordance with Article 29 of the Concession Agreement	Q2
Regulatory Reporting Requirements	Issue information requirements for the water businesses to submit certain financial information in compliance with the regulatory framework	Q2
Water Safety and Reliability standards	Issue safety and reliability standards for the water sector	Q4

Copies of the URA's Work Program 2012 are available from the Office of the Utilities Regulatory Authority, located at the Ground Floor of the VNPF Building and on the URA's website www.ura.gov.vu. You can also request copies by calling us at +678 29795/23335, emailing us at breuben@ura.gov.vu or writing to us at Office of Utilities Regulatory Authority, PMB 9093, Port Vila, Vanuatu.