

2013 News Archive

November 2013

- **Making Energy Efficiency Real for the People**

Energy efficiency can be an important part of a state's resource portfolio, but consumers have been slow to embrace many programs. In his presentation "Making Energy Efficiency Real for the People" given to the NASUCA Annual Conference in Orlando, PURC Director of Energy Studies Ted Kury discussed strategies for energy efficiency programs. He discussed the potential for energy efficiency programs to correct inefficiencies in electricity markets. He urged state Consumer Advocates to focus on the costs, benefits, and opportunities of the programs. He argued that costs can be monetary, costs of comfort and convenience, and even perceptions of security. He talked about how new rate designs can better align benefits with costs, and the importance of broad-based communication in alerting consumers to opportunities in the market.

- **How is Florida doing in terms of Energy Efficiency?**

Quite well, according to research conducted for the Florida Public Service Commission and the Florida Department of Agriculture and Consumer Services. Florida's programs are both effective and cost efficient. PURC Director Mark Jamison presented the research to the NARUC Staff Subcommittee on Energy and the Environment in Orlando on November 17, 2013. The research included examinations of the types of programs used in Florida, how Florida compares with other states, and how stakeholders view Florida's policy. All indications are that Florida's policies are serving the state well. The research was conducted in 2012 by PURC, the University of Florida's Program on Resource Efficient Communities, and the National Regulatory Research Institute.

- **Electricity Market reform in Nigeria: Learn from the Past or Doomed to Repeat?**

Nigeria is in the midst of an energy market reform effort that will almost certainly serve as a model for future reform efforts in Sub-Saharan Africa. It remains to be seen whether that model will be one to emulate or to avoid. In his presentation "Electricity Market Reform in Nigeria – Learn from the Past or Doomed to Repeat It?" given to the International Relations Committee at the NARUC Annual Conference in Orlando, PURC Director of Energy Studies Ted Kury discussed these efforts. He shared experiences from PURC training programs conducted with Nigerian electricity market participants, the hybrid ratemaking approach of the Multi Year Tariff Order, the innovative function of the Nigerian Bulk Electricity Trading PLC, and mileposts for continued reform. He concluded that Nigeria has taken great pains to learn the lessons from others and is well on the way toward achieving their goals, but cautioned that 2014 will be an interesting year for the reform efforts.

- **Will U.S. Universal Service Policies Endure?**

Not according to PURC director, Mark Jamison. Speaking at the 2013 NECA Expo in November, Dr. Jamison explained that today's universal service policies suffer from the collision of three forces that make significant reform inevitable. The first is the question about the legitimacy of the system: Research over the past 30 years has consistently failed to find that the system has improved universal service. The second is credibility: Research and regulatory experiences call into question whether the data used in the system has been credible. The last is durability: The Federal Communications Commission (FCC) is running out of a reliable base of captive customers from whom to collect money to fund the system. Dr. Jamison also pointed to two other issues -- net neutrality and distributed governance of the Internet -- that may lead to the dismantling of the network interconnection system that the FCC has put into place, possibly allowing rural telephone companies some new business opportunities. Dr. Jamison drew upon examples from the Europe and Asia to illustrate his points. Approximately 150 managers from small U.S. telephone companies attended the presentation.

- **How Can Performance of State-owned Utilities be improved?**

How can performance of state-owned utilities be improved? The answers lie in aligning work inside and outside the utility. Addressing the 11th Annual Conference of the Organization of Utility Regulators, PURC Director Mark Jamison explained that work inside the utility should be patterned after best practices in successful privately-owned companies, including focusing on financial success, strategic plans, aligning staff incentives with operator financial objectives, and taking down silos, all within the boundaries established by regulatory agencies. Regulators provide incentives by management audits, qualitative and quantitative benchmarking, and public disclosure of regulatory findings. Proper governance is critical to such best practices. Governance is the institutional structure and relationships, i.e., the outside work. A board of directors for the regulator and the regulatory agency itself -- not the operator -- are responsible for achieving sector policies. Operators should focus on how to be financially successful within the bounds of the regulatory system and overseen by their own boards of directors, which establish performance plans and hold the operator accountable for its financial performance.

October 2013

▪ **Economics of Pricing**

The course Economics of Pricing is designed to introduce engineers, lawyers, and other professionals to the conceptual framework for designing price structures in infrastructure industries. When implemented, these rate designs can promote efficiency and financial sustainability. In addition, the course will show how to minimize the efficiency impacts of cross-subsidies when several customers in separated markets are purchasing one or more products from a network. This foundational material will help decision-makers develop rate structures that promote financial sustainability, while encouraging efficiency and fairness. [Read More](#)

▪ **Water is a Sick Sector: Where are the Healers?**

In a 2008 Report, Goldman Sachs labeled the water sector “the petroleum for the next century.” They forecast a sustained focus and investment in the global water sector for years to come. They also point out that the US alone has an estimated backlog of \$300 billion to \$1 trillion of infrastructure replacement and upgrades (for security) that involves investment rates of up to twice the growth rate for GDP. The OECD argues that meeting the water reform challenge requires establishing fundamental (1) improvements in financing, changes in governance, and increased coherence between water and sectoral policies. A strong case can be made that water reforms will not take place, due to the political economy of water: key stakeholders will block needed reforms, further delaying investments. Drawing upon some recent experiences in the developed and developing world, one can identify some bright spots that illustrate how leadership can improve water sector performance. However, the global foundational elements are extremely shaky: (1) dramatic changes in public attitudes towards pricing and allocating water are unlikely; (2) there will be no dramatic changes in water sector governance (for water resource management and water utility regulation and operations); and (3) the political will to address water use across sectors is pitifully weak. Session participants described their challenges, focusing on information (benchmarking), internal incentives, institutional capacity-building, leadership, and ways to improve governance. The group concluded that communication and citizen education were necessary to improve public understanding of why prices for water and wastewater services can be expected to rise.

▪ **PURC Leadership Workshop at Gartner Symposium ITXPO 2013**

"In five years from now, what do you want to have accomplished, what do you want to be most proud of?" This is the question that PURC Director of Leadership Studies, Araceli Castaneda asked a group of Chief Information Officers during the PURC leadership workshop conducted at the Gartner Group Symposium ITXPO 2013 in Orlando, Florida on October 9. The question prompted the discussion among CIOs, a Gartner Group representative, PURC Director, Mark Jamison, and Araceli Castaneda, who identified and debated some of the current and future challenges being faced as CIOs. Clear

subjects of concern moving into the future ranged from cultural shifts within their organizations to the lack of understanding between industry and regulatory bodies on roles and regulatory matters. The session ended with a call for action on what, as leaders in their field, the CIOs should do to face these issues.

- **How can regulation of energy utilities be improved?**

How can regulation of energy utilities be improved? That was the question for a PURC workshop at Gartner Symposium ITXPO 2013 in Orlando, Florida, on October 8, 2013. Utility executives from North and South America discussed problems of political interference, lack of understanding of the utility business, lack of accountability, and economic incentives that encourage inefficiency. PURC director Mark Jamison explained that these are the very problems that regulatory commissions were supposed to in some sense solve when they were developed about 100 years ago in the United States. The sense in the workshop was that while having expert and independent utility regulatory agencies is important, the traditional design of the regulatory system and the growing impact of environmental regulators, who do not bear the consequences of their decisions, were unsustainable for today's energy business. Dr. Jamison talked with the group about the need to understand the regulatory system from the inside and about strategies for developing new paradigms for regulation.

- **The Battle of Undergrounding Transmission**

The costs and benefits of relocating power lines underground is a complicated question. Organizers of the 2013 EEI/NRECA Transmission Siting Workshop brought Dr. Ted Kury, Director of Energy Studies and Roger Anderson of Columbia University together to deliver the keynote presentation in Richmond, Virginia. The speakers elaborated on their respective essays from the Wall Street Journal and addressed questions from the audience. Dr. Kury discussed his position that the costs and benefits of undergrounding vary considerably from one project to the next, and that a uniform policy would likely lead to a waste of resources.

- **Leadership Development in Utility Regulation Training Program for the Florida Public Service Commission**

This training seminar series provided 35+ FPSC staff members with technical and practical information to develop leadership and management skills in a state regulatory agency.

September 2013

- **What are the essential features of an effective utility regulatory system?**

What are the essential features of an effective utility regulatory system? This was the topic of PURC director, Mark Jamison's, presentation at the CARILEC Regulatory Forum 2013 in Barbados on September 16, 2013. Speaking on the topic of "Economics of Best Practices Regulation", Dr. Jamison explained that an essential feature of regulation is protecting customers from politics as well as from operator market power. He described how regulation by independent, expert agencies in response to the failure of political actors to keep commitments and match the expertise of utilities. Political processes encourage politicians to seek short term goals at the expense of long term efficiency. Independent regulation helps address that shortcoming by keeping political pressures at arms length from investment decisions, and by providing expertise in the complex engineering, economics, finance, law, and the like. This quality of regulation also helps ensure that when politicians find a project that they like and that they want the utility to pay for, that there is a credible agency to explain that customers will be the ultimate financiers of the project. Dr. Jamison also described the economic essentials of regulation and the effective institutional frameworks, as well as the leadership challenges that utility regulators face.

August 2013

- **PURC Advanced International Practices Program: Telecom Policy and Regulation for Next Generation Networks**

What policies and regulations should be in place for an efficient transition to next generation networks (NGN)? What is essential for ensuring that countries achieve their important policy goals while facilitating the rapid advancement of technology? This course answers these questions and more as participants examine the foundations, drivers, and policy priorities for NGN. [Read More](#)

- **PURC Advanced International Practices Program: Benchmarking Infrastructure Operation**

How can utilities be benchmarked for efficiency? Which types of comparisons are valid and which are invalid, possibly leading to significant errors? This course answers these questions and more, as participants analyze the benefits, best practices, and pitfalls of benchmarking utilities. [Read More](#)

July 2013

- **PURC Advanced International Practices Program: Energy Pricing**

What are the challenges and best practices in energy pricing? What are the innovative ideas for addressing efficiency and environmental issues? This course answers these questions and more as participants learn core principles and engage in a case study in energy pricing from start to finish. [Read More](#)

- **Consumer Engagement in Regulation: Panacea or Paralysis?**

Does customer involvement in regulation improve outcomes? Not always, according to PURC Director Mark Jamison. Speaking at the Australian Competition and Consumer Commission annual conference in Brisbane, Australia, Dr. Jamison explained that the key question is, "Who do we expect to change when regulators and customers engage?" Most discussion on customer engagement is about customers informing regulators about customer preferences and utility practices. Learning by regulators is important, but so are the building legitimacy, ensuring regulator integrity, and engaging in adaptive learning that are largely about changing customers. An over emphasis on changing regulators can result in pandering to current norms, which hinders institutional strengthening and adaptive work. There were 400 people at the conference: Four were U.S. academics, one was a U.S. consumer advocate, and the rest were non-U.S. industry, regulators, and academicians.

June 2013

- **34th PURC/World Bank International Training Program on Utility Regulation and Strategy in Gainesville, FL**

In attendance for the 34th program were 82 participants from 33 different nations

[Click here to learn more](#)



May 2013

- **Alternative Regulation for the Electric Industry Seminar for the Kansas Corporation Commission**

Is the U.S. system for regulating electricity broken? Maybe. But if regulators wait until it is clear that the system is broken before making changes, they will be too late. This was the underlying theme for PURC Director Mark Jamison's seminar to the Kansas Corporation Commission. Dr. Jamison explained that multiple forces are driving unprecedented change in the sector, leading people to question the current industry and regulatory models. He compared several alternative methods of regulation for their impacts on three imperatives, namely improved cash flow, improved efficiency incentives, and adaptability to future industry changes. He concluded that most alternative methods focus on improving cash flow, but would improve efficiency or adaptability only under certain conditions. He explained that regulators should

experiment with alternative mechanisms and learn from each other. His seminar, "Alternative Regulation for the Electricity Industry," was presented on May 30, 2013

March 2013

- **Leadership Development in Utility Regulation Training Program for the Florida Public Service Commission**

Over a series of 5 workshops, this training program provided 35+ FPSC staff members with technical and practical information to develop leadership and management skills in a state regulatory agency.

February 2013

- **Regulation of Next Generation Networks for the Hong Kong Office of Communications Authority**
How can regulators address the new issues created by next generation networks (NGN)? This was the theme of a course provide by PURC for OFCA in February 2013. The course examined NGN technologies, radio spectrum issues, regulatory convergence, innovation, connectivity, pricing, network economics, and universal service.

- **40th Annual PURC Conference – Reset for Regulation? Best Next Practices for Policy, Regulation, and Utilities**

"Uncertainty" seems to be the most repeated word used to describe today's regulatory and policy environments. With conflicting views over reality and priorities, how can utilities and regulators know what to do next? Can our political and economic environments stabilize, or should we adapt to (constant) unpredictability? [Read More](#)

January 2013

- **Fundamentals of Utility Regulation Training for the Florida Public Service Commission**

PURC delivered a three-day training which provided an overview of the fundamentals of utility regulation in Florida for 65+ FPSC staff members during January and February of this year.

- **PURC Leadership Workshop - Practicing Leadership in a Political Environment: A One-Day Intensive Training Workshop for Emerging Leaders in Utility Policy**

International regulatory professionals will examine the activities, behaviors, mindsets, and skills of a successful leader during this training workshop designed by PURC for emerging leaders in utility policy. [Read More](#)

- **33rd PURC/World Bank International Training Program on Utility Regulation and Strategy**

The international training program is an intensive, two-week course specifically tailored to the professional requirements of utility regulators and regulatory staff. The course is designed to enhance the economic, technical, and policy skills required for implementing policies and managing sustainable regulatory systems for infrastructure sectors. [Click here to learn more](#)

