



INDEPENDENCE For Strong Regulators

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Definition

- Being a separated entity from the government and from the industries (operators).

- having an independent discretion in every aspect of their decision-making process:
 - ✓ The ability to take decisions without any external influence or interference.
 - ✓ The absence of any supervision or hierarchical powers from the executive.
 - ✓ The regulator receives no order or instruction of the Government.



Reasons for independence

- Strengthen the guarantees of impartiality and transparency.
- guaranteeing regulatory certainty and stability.
- Insure the needed flexibility.
- Reinforce credibility and legitimacy.
- the equilibrium between different interests and different players in the economic sector.



How to appreciate the level of independence

1- Legal framework

- the principle of independence and impartiality should be defined in a sound legal framework in order to ensure legal security and stability.
- status given to the regulator, having a legal personality, separated from the ministry or another governmental body means a higher level of independence.



2- Independence of the board

- The executive should be independent and free from any conflict of interest.
- A board is supposed to ensure a greater level of independence as it is a collective decision-making body.
- composition of the board should be heterogeneous. When Board members have different backgrounds this may help reduce and limit the dominance of one point of view.
- setting-up a clear fixed term for the board or the chairman limited in time, to ensure proper rotation.
- Non revocable mandate



- The appointment should not be compatible with any other mandates or professional activities.
- Having a system of incompatibility or ineligibility as regards the appointment of the board, prevent the regulator from the sector influence.
- Ownership restrictions with regards to interested parties in energy companies.



3- Financial independence:

- A separate or autonomous budget.
- Sufficient financial resources to enable him to recruit highly qualified/skilled staff.
- Financial independence could be appreciated at three levels:
 - ✓ A budget funded by proper revenues
 - ✓ Autonomy in the elaboration of the budget
 - ✓ Autonomy in the implementation of the budget



4- Location of regulator

- Each regulator should have its own premises separated from those of political or private entities active in the energy sector.



Accountability

- Accountability means that the regulator takes on the responsibility and is able to demonstrate outcomes and results from its regulatory action.
- Being accountable implies that regulators should report on the fulfillment of their duties.
- Regulators should also report on the way they spend their budget to the relevant authorities.



Conclusion

- Independence must be acquired and not decreed
- What can make the strength of a regulator , more than texts, it is his competence and neutrality that build up its credibility and make acceptable the decisions it takes.



Thank you for your attention

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