



## Regulation and Sustainability

**A set of tasks and responses – varying by structure and stage**

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# Getting the principles of regulation right

- Role clarity;
- Independence;
- Decision making processes;
- Accountability and transparency;
- Engagement;
- Funding; and
- Performance evaluation.



# Sustainability regulations for mature power markets

## Three key tasks for governance/regulators

- **Target setting** under continuous RE support
  - Earlier: inertia & actions; certainty; communication
  - Now: informing about the systemic role of RE
- **Support schemes**
  - Earlier: build an industry & embrace newcomers
  - Now: efficient price determination; regional action?



# Sustainability regulations for mature power markets

## Three key tasks for governance/regulators

- **System integration/coordination (e.g. flexibility)**
  - Earlier and today: often shielded from the market
  - Future: more markets or more regulations?
- **More markets require (amongst other important factors)**
  - Dynamic & efficient price formation for all services
  - Liquid and deep financial markets
  - Role & risk transfer to RE
  - Political will and regulatory pull



# Growing power markets under sustainability regulation

- Options & tasks often differ in growing markets
  - Rapid development (e.g. avoid lock-in; bring the lights on)
  - Integrated power system structures
  - Risk allocation and higher market risks
- **Sustainability regulations can often start with IRP**
  - Established through laws/regulations
  - Organisation of public and stakeholder review
  - Managing various technical aspects
  - Supporting procurement and combined ratemaking



# The role for IRENA in sustainability regulations



**Regulatory Empowerment Project (REP)** – a global strategy to support RE by power system governance

- Empowering private investments
- Ensuring reliable system integration & operations
- REP as needs-based advisory support for governance decision makers
- REP combines global experiences and practices with national and regional circumstances



# Thank you



For general questions and project implementation  
please contact:

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# References

- OECD, 2014: 'OECD Best Practice Principles for Regulatory Policy. The Governance of Regulators', OECD, Paris. Available at <http://www.oecd.org/gov/regulatory-policy/governance-regulators.htm>





# IRENA & REP in Africa



## FIVE ACTION PILLARS of the ACEC

### Zoning and Resource Assessment

Identification of high resource zones for RE development.

### Country and Regional Planning

Consideration of cost-effective RE options for power generation in national and regional plans.

### Enabling Frameworks for Investment

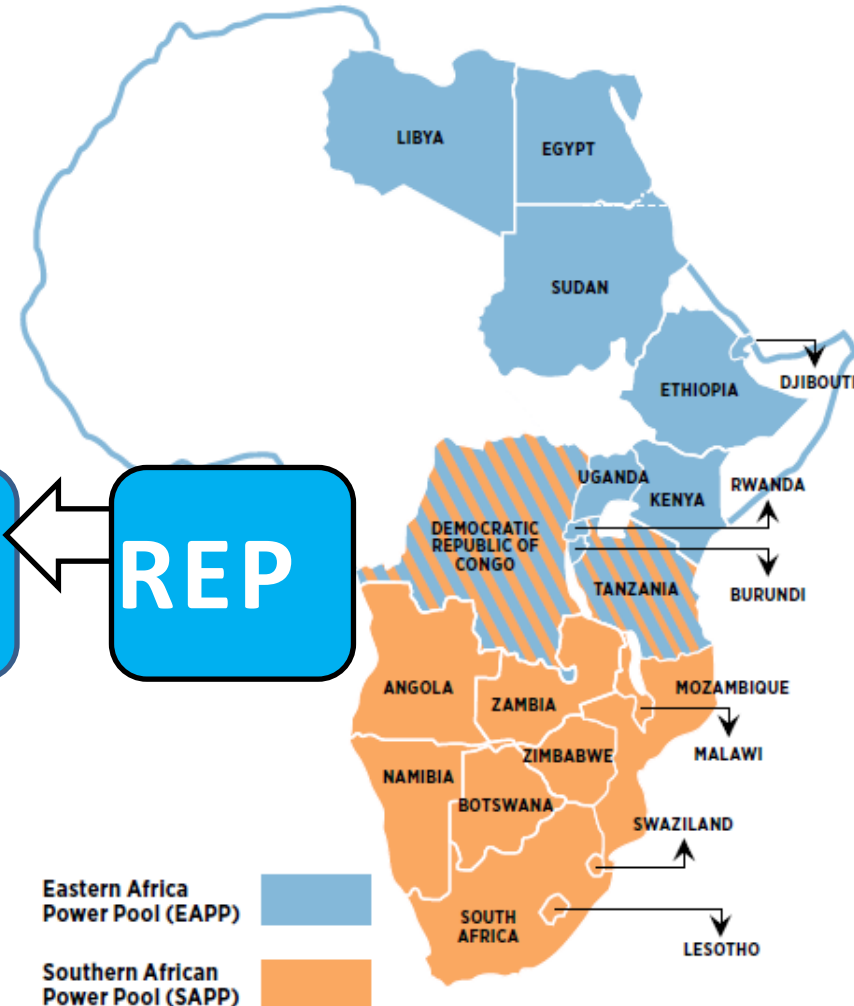
Opening markets to IPPs, reducing the costs of RE financing and facilitating power trade.

### Capacity Building

Development of skills to govern development and operation of power systems with higher RE shares.

### Public Information

Awareness raising and promotion of the ACEC and its benefit.



## Governance of Regulatory Institutions

Assessing efficiency and effectiveness of regulatory decision making and recommending changes.

## Tariffs and Incentives

Tools for cost-reflectivity and frameworks/incentives to attract affordable renewable generation.

## System Code Governance

Processes to establish and maintain relevant technical rules for RE without creating barriers or reliability concerns.

## Planning Governance Project

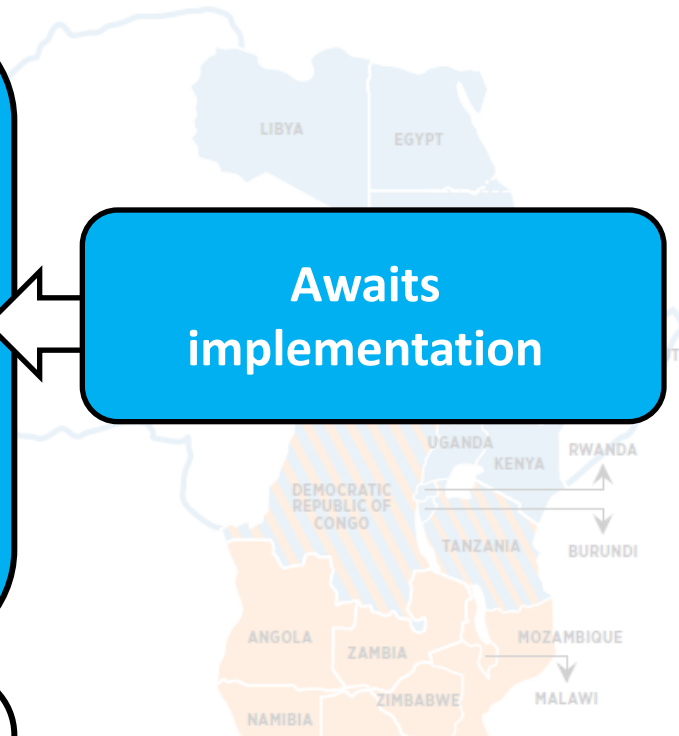
Frameworks to govern the development, maintenance and implementation of long-term power system plans with RE.

## Integrated Capacity Building

Integrated and targeted support for REP activities.

Awaits  
implementation

Currently under  
implementation





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