

**Power Purchase
Agreements/Contracts
Workshop and Regional
Coordination for West Africa**

**Commissioner David Hadley
National Association of Utility Regulatory
Commissioners**

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United States Background: One Experience

**Public Utility Regulatory Policies
Act of 1978
(PURPA)**

**It is important to consider
the relationship of any
market design**

**- IPP or other model -
to some form of
regulation.**

Public Interest Clause

- **Determine how / by whom utility will be “regulated”**
- **Location**
- **Water use and Supply**
- **Fuel Supply**
- **Transmission Interconnection**
- **Specifics of proposed plant**
- **Financial ability (Credit Worthiness)**
- **Managerial ability**
- **Transfer of ownership**
- **Reporting requirements**

One dominate utility in generation:

- **Makes it potentially more difficult for a new entrant to enter successfully**
- **Internal opposition to private sector**
- **Corruption**

Clear Rules Governing Utility Conduct

- **Obligation to provide information to regulator and/or grid operator**
- **Cooperation in investigations or audits**
- **Factual accuracy of information submitted**
- **Timely submittal of required reports**
- **Ensure integration of reliability practices with grid operator (or other utilities)**
- **Liability**

Enhance Investor Confidence

- **Joining independent regional grid**
- **Fund regulators from industry (not government budget)**
- **Adopt formal auditing and legal standards**
- **Oblige utilities to produce public audited reports**
- **Ensure third party access to grid**
- **Delineate public service responsibilities**

Enhance Investor Confidence

- **Attempt to have some of the market rules and regulations confirmed in contract**
- **Ensure recourse to an international body of arbitration to settle disputes**