

- 1. INTRODUCTION AND THANKS**

- 2. THE PHILOSOPHER HERACLITUS SAID, “THERE IS NOTHING PERMANENT EXCEPT CHANGE.” THAT’S CERTAINLY AS TRUE FOR COUNTRIES AS IT IS FOR INDIVIDUALS, AND EACH OF YOUR COUNTRIES IS ENGAGED IN SIGNIFICANT CHANGE—CHANGE INVOLVING GOVERNANCE STRUCTURES, CHANGE INVOLVING THE ECONOMY, CHANGE INVOLVING EDUCATION, CHANGE INVOLVING HEALTH, AND OF COURSE, CHANGE INVOLVING THE ENERGY SECTOR. EACH ONE OF YOU HAS AN IMPORTANT ROLE TO PLAY IN THE CHANGES BEING UNDERTAKEN IN YOUR COUNTRIES’ ENERGY SECTORS. LIKEWISE, EACH OF YOU HAS AN IMPORTANT ROLE TO PLAY IN THE CHANGES BEING REALIZED IN YOUR COUNTRY’S POLITICAL CULTURE. THERE ARE TWO KEY REASONS FOR THIS, WHICH IS WHAT I’D LIKE TO TALK ABOUT TODAY. THE FIRST REASON IS THE IMPORTANT ROLE OF THE AUTONOMOUS REGULATOR IN REDUCING CORRUPTION IN THE ENERGY SECTOR. THE SECOND REASON IS THE REGULATOR’S ROLE IN FOSTERING CONSTRUCTIVE, DEMOCRATIC DIALOGUE.**

- 3. AS WE ARE ALL WELL AWARE, THE ENERGY SECTOR IS A PRIME TARGET FOR—AND SOURCE OF—CORRUPTION. THE VITAL ROLE THAT THE ENERGY SECTOR PLAYS IN A COUNTY’S ECONOMY,**

AND THE LARGE VOLUMES OF MONEY INVOLVED, MAKES IT ESPECIALLY VULNERABLE TO CORRUPTION. INDIVIDUALS IN THE PUBLIC SECTOR MAY FIND OPPORTUNITIES FOR PERSONAL GAIN THANKS TO THE POWERS THEY HOLD OVER THE ENERGY SECTOR. IN COUNTRIES WHERE ENERGY SYSTEMS ARE BEING PRIVATIZED, NEW OPPORTUNITIES FOR CORRUPTION MAY ARISE FROM DIFFERENCES IN THE AVAILABILITY OF, AND ACCESS TO, INFORMATION BY THE PUBLIC, AND BY THE PRIVATE SECTOR. FOR THE SAME REASON, INDIVIDUALS IN THE PRIVATE SECTOR MAY HAVE ECONOMIC AND PERSONAL MOTIVATIONS TO OFFER BRIBES TO GAIN ACCESS TO ENERGY SOURCES, TO BUILD AND MAINTAIN TRANSMISSION AND DISTRIBUTION SYSTEMS, OR TO INFLUENCE OUTCOMES OF PRIVATIZATION EFFORTS. WHERE ENERGY SYSTEMS (OR SYSTEM COMPONENTS) ARE ALREADY PRIVATIZED, PRIVATE SECTOR DECISION MAKERS MAY HAVE CONSIDERABLE POWER OVER REGIONAL OR EVEN NATIONAL SOCIOECONOMIC GROWTH AND DEVELOPMENT, AND THUS THEY HAVE AMPLE OPPORTUNITIES TO ABUSE THAT POWER FOR PERSONAL GAIN. LACK OF FISCAL TRANSPARENCY AND OVERSIGHT – IN PUBLIC AND PRIVATE ENERGY SECTOR COMPONENTS – PROVIDES NUMEROUS OPPORTUNITIES TO HIDE CORRUPT ACTIVITIES.

- 4. THE AUTONOMOUS REGULATORY BODY HAS AN IMPORTANT ROLE TO PLAY IN MITIGATING AGAINST CORRUPTION IN THE ENERGY SECTOR THROUGH QUALITY OF SERVICE REQUIREMENTS, THROUGH TRANSPARENT BIDDING AND LICENCING PROCEDURES; THROUGH REPORTING REQUIREMENTS ON UTILITIES; THROUGH TRANSPARENT AND INFORMED RATE MAKING; AND THROUGH HOLDING PUBLIC HEARINGS. INCREASINGLY—AT LEAST IN AFRICA—THE INDEPENDENT REGULATORY BODY ALSO SERVES AS AN ADVISORY BODY TO THE GOVERNMENT AS THE GOVERNMENT UNDERTAKES ENERGY SECTOR RESTRUCTURING. THE EXISTENCE OF AN AUTONOMOUS AND PROFESSIONAL REGULATORY BODY SERVES A WATCHDOG FUNCTION FOR THE SECTOR AND CAN NOTABLY DECREASE THE LEVEL OF CORRUPTION IN THE SECTOR—AND IN A COUNTRY ITSELF.**

- 5. A SECOND WAY IN WHICH YOUR WORK AS A REGULATOR CONTRIBUTES TO A MORE ROBUST POLITICAL CULTURE IN YOUR COUNTRY IS THROUGH PROVIDING AN AVENUE FOR CITIZENS TO HAVE A VOICE IN THE ENERGY DECISIONS THAT AFFECT THEIR LIVES. AS YOU KNOW, THE REGULATOR HAS A DIFFICULT JOB IN THAT HE OR SHE HAS OBLIGATIONS TO UTILITIES, THE GOVERNMENT, AND TO CONSUMERS. IT IS THROUGH THE**

FULFILLMENT OF THE REGULATOR'S OBLIGATION TO THE CONSUMER THAT A NEW SPACE FOR DEMOCRATIC PARTICIPATION IS OPENED. HISTORICALLY, CITIZENS HAVE HAD LITTLE SAY IN THE ENERGY DECISIONS THAT AFFECT THEIR LIVES. THIS HAS RESULTED IN STREET RIOTS, INCREASED ELECTRICITY THEFT, AND IN SOME CASES EVEN DEATH. THE PUBLIC OBLIGATION OF THE REGULATOR CAN MILITATE AGAINST SOME OF THE ILL EFFECTS OF SECTOR RESTRUCTURING BY PROVIDING A FORUM FOR INCREASING CONSUMER'S UNDERSTANDING OF AND PARTICIPATION IN THE ENERGY SECTOR. ULTIMATELY, THE REGULATOR'S ROLE IN PROVIDING A SPACE FOR CIVIL SOCIETY TO HAVE A VOICE IN THE COUNTRY'S ENERGY DECISIONS STRENGTHENS DEMOCRACY. THAT IS TO SAY, OPEN DIALOGUE BETWEEN WORKERS, ENTERPRISES AND GOVERNMENT; THE FREEDOM TO EXPRESS VIEWS; TO OPEN THE SECRETS OF MONOPOLIES AND GOVERNMENT AGENCIES; TO DEBTE AND PUBLISH FACTS AND OPINIONS IN PUBLIC; TO ORGANIZE AS CONSUMERS, UNIONS AND ENTERPRISES FOR COMMON PRUPOSE; TO CHALLENGE AND CRITICIZE EACH OTHER'S VIEWS AND ASSERTIONS; TO FORCE GOVERNMENT AND INDUSTRY TO JUSTIFY THEIR ACTIONS AND SEEK THE PUBLIC'S ASSENT—ALL THESE ACTIVITIES CONTRIBUTE TO A STRONG,

**VIBRANT DEMOCRACY, AND YOUR ROLE AS A REGULAOR
FACILITATES THESE INTERACTIONS.**

**6. THE JOB EACH AND EVERY ONE OF YOU DO IS VITALLY
IMPORTANT, NOT ONLY AS YOUR COUNTRIES MOVE TOWARD
INCREASED PRIVATE SECTOR INVESTMENT, BUT ALSO AS YOUR
COUNTRIES MOVE TOWARD A MORE ROBUST DEMOCRATIC
CULTURE AND THEREFORE A MORE DEMOCRATIC GOVERNMENT.
OFTEN THE REGULATOR IS LOOKED UPON WITH SUSPICION BY,
GOVERNMENT, UTILITIES AND CONSUMERS, BUT THE HARD
WORK YOU DO IS IMPORTANT AND IS WORTH IT. THEODORE
ROOSEVELT SAID, "FAR AND AWAY THE BEST PRIZE THAT LIFE
OFFERS IS THE CHANCE TO WORK HARD AT WORK WORTH
DOING."**

**7. IN THE NEXT FEW DAYS WE ARE ALL GOING TO BE LEARNING A
GREAT DEAL MORE ABOUT EFFECTIVE UTILITY REGULATION.
NARUC HAS PUT TOGETHER AN IMPRESSIVE PROGRAM OF
EXPERTS AT THE CUTTING EDGE OF THE FIELD, AND I'M VERY
MUCH LOOKING FORWARD TO WHAT THE NEXT FEW DAYS WILL
HOLD. THANK YOU.**