

PURC/ABAR Utility Regulation Course
Regulation Challenges in Electricity and Sanitation in Brazil

Course Calendar

COURSE FACILITIES

The sessions will be held at ENAP – Escola Nacional de Administração Pública (National School of Public Administration) Brasília – DF.

Tuesday, September 22

<u>Times</u>	<u>Sessions</u>
8:00 am - 9:00 am	Breakfast
9:00 am - 10:30 am	<p><u>Session 1</u> Foundations of Regulation: Indicators of Regulator Effectiveness <i>Ashley Brown</i></p> <p>This session provides an overview of the current Brazilian regulatory situation. We recognize that participants are already familiar with regulatory concepts, so the session will focus on advanced lessons presented in the “Handbook for Evaluating Infrastructure Regulatory Systems”.</p>
10:30 am - 10:45 am	Break
10:45 am - 12:15 pm	<p><u>Session 2</u> Prioritizing Objectives: Costs, Prices, Network Expansion, and Service Quality <i>Ashley Brown</i></p> <p>The exercise promotes small group discussions about the main goals of regulation for participants’ agencies. The session will draw upon a PURC exercise on prioritizing objectives. Professionals will see the implications of population density, current performance, and social goals for prioritizing sector outcomes.</p>
12:15 pm - 1:15 pm	Lunch
1:15 pm - 2:45 pm	<p><u>Session 3</u> Electricity and Sanitation Regulatory Framework in Brazil: State of the Art, Trends and Future Challenges (from ABAR Congress) <i>José Mario Abdo and Alceu de Castro</i></p> <p>The session leaders are the authors of papers for the ABAR Congress. They will identify key issues identified by Congress participants. The background papers summarize reforms in a number of countries and in Brazil.</p>

2:45 pm - 3:00 pm	Break
3:00 pm - 4:00 pm	<p><u>Session 4</u> Lessons from the Brazilian Experience: Process, Governance, Accountability, Incentives, Transparency, Citizen Participation, Inter-Agency Relationships, and Performance <i>José Mario Abdo and Alceu de Castro (with the assistance of Ivan Camargo and Paulo Cesar)</i></p> <p>Program participants will have an opportunity to respond to the points developed in Session 3. The session leaders will identify the key issues for discussion during the rest of the course, providing examples of best practice from various Brazilian agencies.</p>
	<p><u>Evening Work:</u></p> <p>Complete the “PURC/ABAR Regulatory Challenge” survey.</p> <p>The purpose of this survey is to identify patterns in the threats and opportunities facing regulators in infrastructure sectors in Brazil. One purpose of this Training Program is to provide a forum for sharing regulatory experience. The resulting exchange of ideas can improve sector performance by promoting best practice throughout the nation. The survey can help participants select topics that warrant further exploration.</p>

Wednesday, September 23

<u>Times</u>	<u>Sessions</u>	
8:00 am - 9:00 am	Breakfast	
9:00 am - 10:30 am	<p><u>Session 5</u> Limitations of Current Sector Arrangements:</p> <p>This session will draw upon participant surveys filled out the previous night. Participants will pair up to share their issues and concerns. Then session leaders will lead guided discussions of key points identified by participants.</p>	
	<p><u>Electricity</u> <i>Ashley Brown</i></p>	<p><u>Sanitation</u> <i>Sanford Berg</i></p>
10:30 am - 10:45 am	Break	
10:45 am - 12:15 pm	<p><u>Session 6</u> Rate Design for Efficiency and Fairness:</p> <p>Financial sustainability is very important for operators and the long term credibility of the regulatory system. What are the efficiency consequences if the price of electricity were uniform across all Brazil? What is the role of time of use pricing for deferring peak investment? To what extent do inverted block rates encourage conservation? How might multi-part pricing contribute to efficiency? Participants bring substantial expertise in the sessions, so session leaders will draw upon the diverse experiences of attendees and other presenters.</p>	
	<p><u>Electricity</u> <i>Ashley Brown</i></p>	<p><u>Sanitation</u> <i>Sanford Berg</i></p>
12:15 pm - 1:15 pm	Lunch	

<p>1:15 pm - 2:45 pm</p>	<p><u>Session 7</u> International Case Studies of Regulation:</p> <p>Participants will draw lessons from national case studies. The legal systems may differ across countries, but the principles of effective regulation apply in every setting. Sector performance is driven by a number of factors, including regulatory policies.</p>	
	<p><u>Electricity</u> <i>Ashley Brown and Ivan Camargo (US, UK, South Africa)</i></p>	<p><u>Sanitation</u> <i>Sanford Berg, Alceu de Castro and Paulo Cesar (UK, Uganda, Peru)</i></p>
<p>2:45 pm - 3:00 pm</p>	<p style="text-align: center;">Break</p>	
<p>3:00 pm - 4:00 pm</p>	<p><u>Session 8 Electricity</u> Market Structure and Investment Incentives <i>Ashley Brown and Ivan Camargo</i></p> <p>Different stages of production (generation, transmission, and distribution) each have their own challenges. The investment and operating decisions of infrastructure firms will be examined from the standpoint of regulatory incentives.</p>	<p><u>Session 8 Sanitation</u> Benchmarking Water Utilities: An Exercise <i>Sanford Berg, Alceu de Castro and Paulo Cesar</i></p> <p>Participants will be given data on twenty firms, including information on operating costs, service quality, and labor productivity. After participants identify the top three and bottom three performers, the leaders will introduce a number of benchmarking techniques and apply them to the data. Two empirical studies on Brazilian water utilities will be briefly discussed.</p> <p>Teams analyze data in a benchmarking case study. Points for discussion include:</p> <ul style="list-style-type: none"> ▪ Distinguishing between fact and opinion; ▪ How model specification and assumptions affect analysis; ▪ How policy priorities affect conclusions; ▪ Approaches for communicating complex analyses. ▪ Reasons why costs vary across companies; ▪ How to interpret results from different analytical techniques; ▪ Weighing the relative importance of various benchmarking measurements; ▪ Identifying which costs differences can be controlled by operators; <p>Comparison of average cost for groups of companies which share similar operating environments.</p>
	<p><u>Evening Work:</u></p> <p>Compete PURC Organizational Assessment</p> <p>Prior to conducting a SWOT (Strengths, Weaknesses, Opportunities and Threats) Analysis, leaders should engage in an organizational self-assessment so that the features of the current situation are clearly identified: otherwise, they are not in a position to identify historical trends, determine current baselines (actual performance), and establish realistic targets for the future. The questions are designed guide leaders through a structured evaluation process.</p>	

Thursday, September 24

Times	Sessions		
8:00 am - 9:00 am	Breakfast		
9:00 am - 10:30 am	<p><u>Session 9</u> Reviewing Our Organizational Assessments: Resources for Reform</p> <p>Again, participants will work on pairs, sharing their organizational assessments. This process will provide some one-on-one “consulting” among participants. Then the leaders will facilitate further discussion of ways organizations can be more effective.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; padding: 5px;"> <p><u>Electricity</u> -Ivan Camargo & Ricardo Pinheiro</p> <p>Participants will be asked to share their responses to Parts A and B of the Organizational Assessment. The focus will be on industry conditions and sector performance.</p> </td> <td style="width: 50%; padding: 5px;"> <p><u>Sanitation</u>-Sanford Berg & Paulo Cesar</p> <p>Participants will be asked to share their responses to Parts A and B of the Organizational Assessment. The focus will be on industry conditions and sector performance.</p> </td> </tr> </table>	<p><u>Electricity</u> -Ivan Camargo & Ricardo Pinheiro</p> <p>Participants will be asked to share their responses to Parts A and B of the Organizational Assessment. The focus will be on industry conditions and sector performance.</p>	<p><u>Sanitation</u>-Sanford Berg & Paulo Cesar</p> <p>Participants will be asked to share their responses to Parts A and B of the Organizational Assessment. The focus will be on industry conditions and sector performance.</p>
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10:30 am - 10:45 am	Break		
10:45 am - 12:15 pm	<p><u>Session 10</u> Reviewing Our Organizational Assessments: Sector Performance</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; padding: 5px;"> <p><u>Electricity</u> -Ivan Camargo & Ricardo Pinheiro</p> <p>Participants will be asked to share their responses to Part C of the Organizational Assessment. The focus will be on the governance and incentives issues.</p> </td> <td style="width: 50%; padding: 5px;"> <p><u>Sanitation</u>-Sanford Berg & Paulo Cesar</p> <p>Participants will be asked to share their responses to Part C of the Organizational Assessment. The focus will be on the governance and incentives issues.</p> </td> </tr> </table>	<p><u>Electricity</u> -Ivan Camargo & Ricardo Pinheiro</p> <p>Participants will be asked to share their responses to Part C of the Organizational Assessment. The focus will be on the governance and incentives issues.</p>	<p><u>Sanitation</u>-Sanford Berg & Paulo Cesar</p> <p>Participants will be asked to share their responses to Part C of the Organizational Assessment. The focus will be on the governance and incentives issues.</p>
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12:15 pm - 1:15 pm	Lunch		
1:15 pm - 2:45 pm	<p><u>Session 11</u> Tools for Improving Sector Performance: Business Plans, Cost Containment, and Incentives:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; padding: 5px;"> <p><u>Electricity</u> - Ivan Camargo</p> <p>What tools are most effective in improving sector performance? What resources are available to regulators for strengthening their ability to acquire information and utilize best practice methods in establishing incentives?</p> </td> <td style="width: 50%; padding: 5px;"> <p><u>Sanitation</u>-Sanford Berg, and Paulo Cesar</p> <p>What tools are most effective in improving sector performance? What resources are available to regulators for strengthening their ability to acquire information and utilize best practice methods in establishing incentives?</p> </td> </tr> </table>	<p><u>Electricity</u> - Ivan Camargo</p> <p>What tools are most effective in improving sector performance? What resources are available to regulators for strengthening their ability to acquire information and utilize best practice methods in establishing incentives?</p>	<p><u>Sanitation</u>-Sanford Berg, and Paulo Cesar</p> <p>What tools are most effective in improving sector performance? What resources are available to regulators for strengthening their ability to acquire information and utilize best practice methods in establishing incentives?</p>
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2:45 pm - 3:00 pm	Break		
3:00 pm - 4:00 pm	<p><u>Session 12</u> Thinking politically without being Political Sanford Berg, Ivan Camargo & Paulo Cesar</p> <p>This session will introduce a stakeholder mapping technique for characterizing six key relationships. Participants will consider how to engage <i>Partners</i>, connect with the <i>Opposition</i>, acknowledge <i>Your Responsibility for current problems</i>, deal with <i>Casualties</i>, nurture <i>Trouble Makers</i>, and observe signals from <i>Authorities</i>. In addition, participants know that <i>significant change</i> is a continuing condition: the future holds more unknowns than it does certainties. Regulators must develop fresh perspectives and knowledge about the future, trusting the wisdom of the past:</p>		

	1. Focus on Next practices, not Best practices. 2. Focus on Why rather than focus on What . 3. Focus on Leadership not Leading .
	<p><u>Evening Work:</u></p> <p>Review “Answers” to the Frequently Asked Questions at the Body of Knowledge of Infrastructure Regulation (on social pricing and regulating state-owned enterprises)</p> <p>Questions include</p> <ul style="list-style-type: none"> • What do regulators need to do differently to tackle the needs of poor consumers? • What should regulators do to meet social objectives set by policy-makers? • Should social objectives be met through funds obtained at the national level and allocated to meet the objectives in each sector and region? • In what ways, if any, should regulators treat SOEs differently than investor-owned infrastructure operators? • What issues must be addressed by institutional structures to promote good governance for a SOE? • Since many SOEs in developing countries are inefficient and thrive on patronage, in what ways might commercialization of SOEs improve financial (and operating) performance? • Governance: What governance procedures promote strong performance in SOEs?

Friday, September 25

8:00 am - 9:00 am	Breakfast	
9:00 am - 10:30 am	<p><u>Session 13 Electricity</u> Going Forward in Electricity <i>Ivan Camargo</i></p> <p>What steps can regulatory agencies take to improve sector performance? How can inter-agency relationships be improved? How can political leaders and the general public be educated to better understand the issues associated with network industries?</p>	<p><u>Session 13 Sanitation</u> Going Forward in Sanitation <i>Sanford Berg & Paulo Cesar</i></p> <p>What steps can regulatory agencies take to improve sector performance? How can inter-agency relationships be improved? How can political leaders and the general public be educated to better understand the issues associated with network industries?</p>
10:30 am - 10:45 am	Break	
10:45 am - 12:00 pm	<p><u>Session 14</u> Small Group Discussions: Action Plans-- New Initiatives <i>Sanford Berg, Ivan Camargo and Paulo Cesar</i></p> <p>Participants will break into small groups to share strategies for strengthening their own regulatory agencies and for improving sector performance. How will your new initiatives be further developed? How will best practices be implemented? What metrics will be used to identify success?</p> <p>Sharing of Key Lessons <i>Sanford Berg</i></p> <p>Teachers learn from their students and students learn from each other. This concluding activity brings together the key lessons developed during the week—as identified by participants.</p> <p>Award of Course Certificates</p>	
12:00 pm - 1:15 pm	Lunch	