



Power Sector Technical Assistance Activity

Compact Scope of Support to
Electricity Regulatory Commission (ERC)

8th August 2023



Disclaimer



Contents of the slides presented in this presentation are exclusively for the purpose of the Market Outreach of ETP Technical Assistance Activity and may differ at the time of Request for Proposal.



Compact Objective to Electricity Regulatory Commission (ERC)



The Compact objective for Technical Assistance (TA) Program to assist ERC in successfully operation/run as an independent electricity sector regulator through capacity building of the ERC commissioners as well as the staff members to help bring transparency, efficiency, and competition into Nepal's power sector.



Electricity Regulatory Commission (ERC)



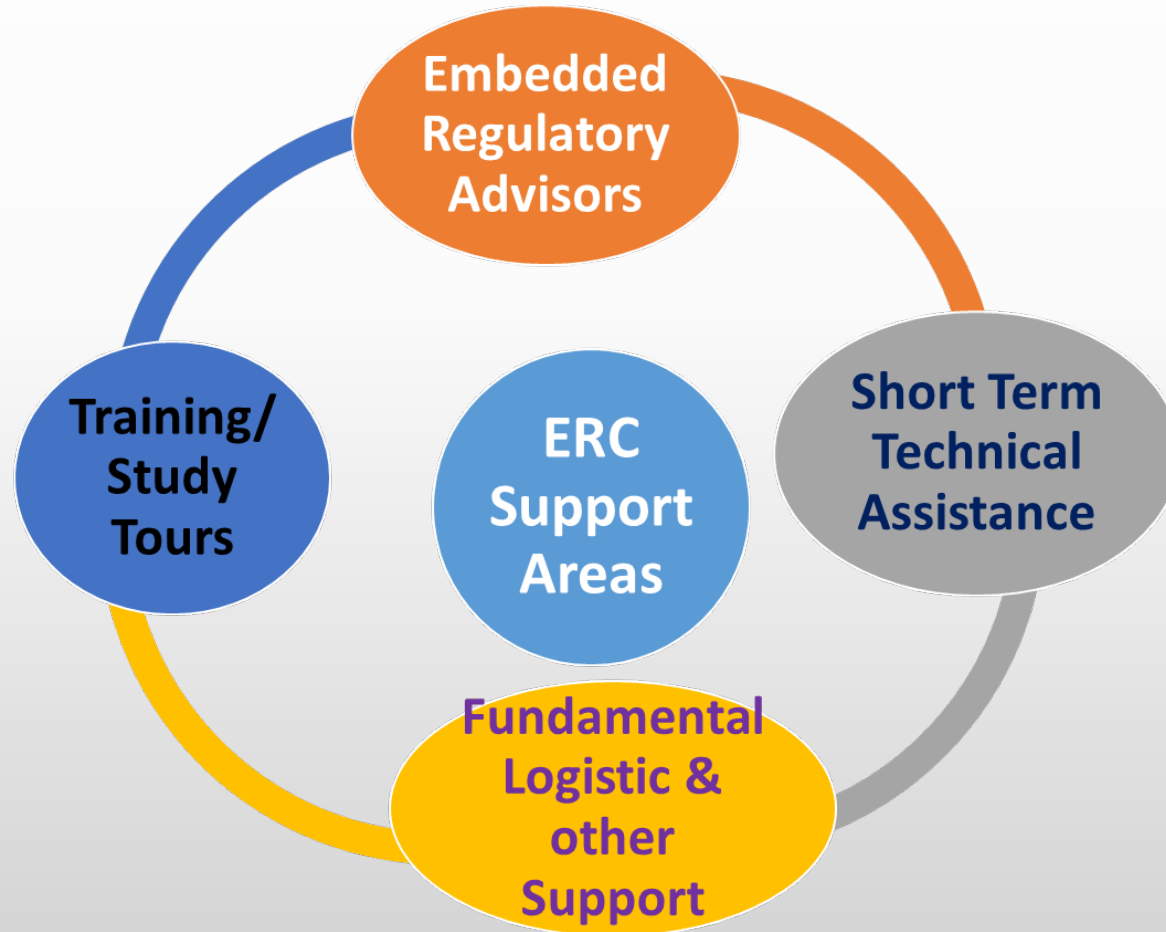
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Electricity Regulatory Commission

Electricity Regulatory Commission (ERC) formed under the Electricity Regulatory Commission Act, 2074 and the Electricity Regulatory Commission Rules, 2075, in order to regulate electricity market more competitive and to make electricity service reliable, accessible and better quality.



Compact Support Activities to ERC





Procurement Activities after EIF

- **Procurement of Consulting Services for Embedded (Resident) Advisors for Electricity Regulatory Commission (ERC)**
- **Sub-procurement of Consulting services for Short Term Technical Assistance Program**
- **Procurement of Logistic and software applications to ERC.**
- **Procurement of External Training and study tours for ERC**



Major Procurement





Major Procurement

- Procurement of Consulting Services for Embedded (Resident) Advisors for Electricity Regulatory Commission (ERC)



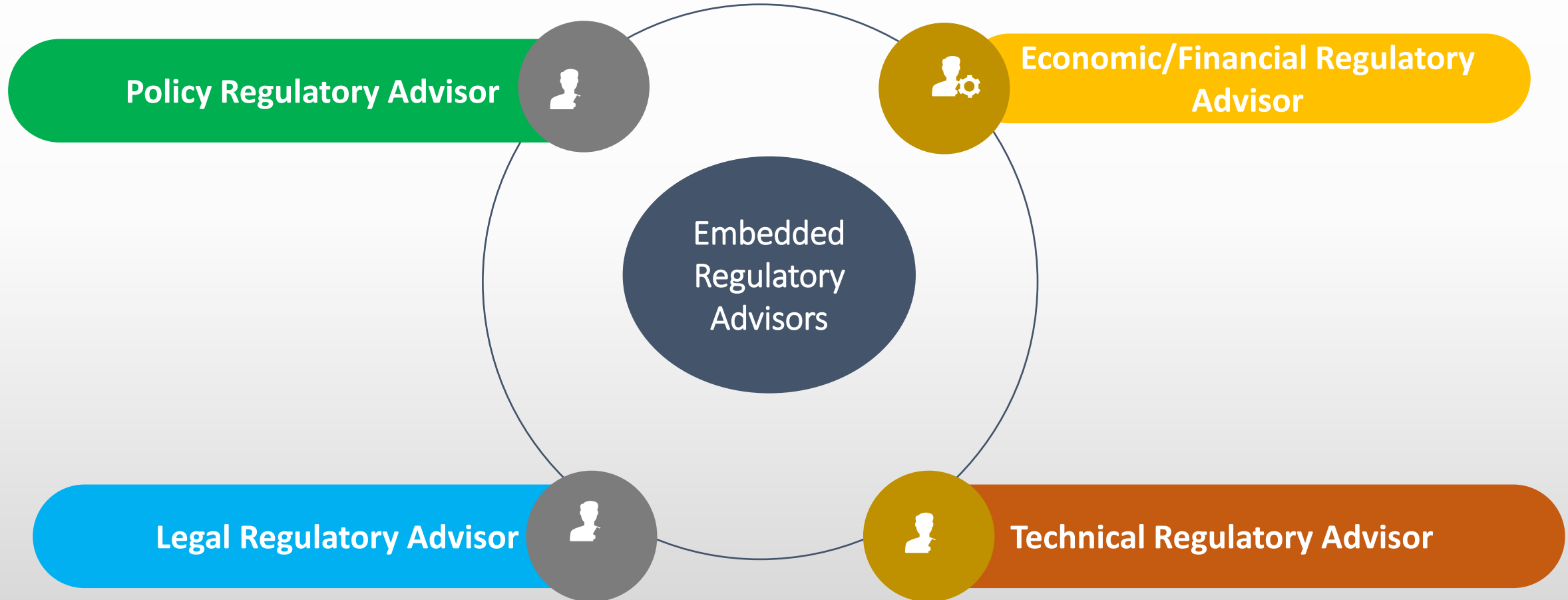


Experience of Consultant

- The Consulting firm with 15 years of general experience in power sector.
- The firm having experience in Economical, Technical, Legal and Policy on regulatory processes and practices within regulatory area in the power sector.
 - Experience in Economic Regulatory areas such as tariff setting, utility finance, financial modeling, utility regulatory accounting, project financing and social tariff pricing methodologies and so on
 - Experience in Technical Regulatory areas such as power sector technical operations, grid code, power sector planning, monitoring of regulated entity of technical performance and service delivery, tariff design including service standards and so on
 - Experience in Legal Regulation such as regulatory rulemaking, review and analysis of power purchase agreements, competitive and transparent bidding process, dispute resolution, stakeholder engagement and so on.
 - Experience in Policy Regulation such as power sector reform, power trade regulations, open-access and market reforms, social equity policies, strategic planning including regulatory management and competitive markets and so on



ERC Support Areas





Embedded Advisors Expert Areas



Economic/Financial Regulatory Advisors:

- **Experienced in Economic and financial regulatory areas of the Power Sector**
- **Experienced in tariff/rate-setting, utility finance, knowledge of social tariff pricing methodologies financial modeling, utility regulatory accounting, project finance, including social tariff/pricing methodologies etc.**
- **Experiences/capacity to design/conduct/deliver trainings in the filed of Economic/financial regulatory areas**



Embedded Advisors Expert Areas

Technical Regulatory Advisor:

- **Experienced in technical regulatory areas of the Power Sector**
- **Experienced in Power sector technical operations, grid code, power sector planning, monitoring of regulated entity of technical performance and service delivery, tariff design including service standards etc.**
- **Experiences/capacity to design/conduct/deliver trainings in the filed of technical regulatory areas**



Embedded Advisors Expert Areas

Legal Regulatory Advisor :

- **Experienced in legal regulatory areas of the Power Sector**
- **Experienced in review and analysis of Power purchase agreements, competitive and transparent bidding process, dispute resolution, stakeholder engagement, regulatory rulemaking, guideline for consumer protection administrative law etc.**
- **Experiences/capacity to design/conduct/deliver trainings in the filed of legal regulatory areas**



Embedded Advisors Expert Areas

Policy/Institutional Regulatory Advisor:

- **Experienced in policy regulatory areas of the Power Sector**
- **Experienced in Power sector reform, power trade regulations, open-access and market reforms, social equity policies, strategic planning including regulatory management and competitive markets.**
- **Experiences/capacity to design/conduct/deliver trainings in the field of policy regulatory areas**



Role of Embedded Advisors

- **These Embedded Regulatory Advisors will support ERC on following areas :**
 - Substantive Regulatory Reviews and preparations**
 - Oversight of short term Consultants conducting various studies**
 - Participate in Technical Regulatory discussion**
 - Developing core operational practices and procedures**
 - Capacity building of ERC staff & Commissioners.**
- **This assignment would include a base period of two (2) years and an additional two (2) maximum years as an optional period based on availability of Compact budget and availability of Compact remaining time duration.**



Areas of Support to be Provided by Embedded Advisors

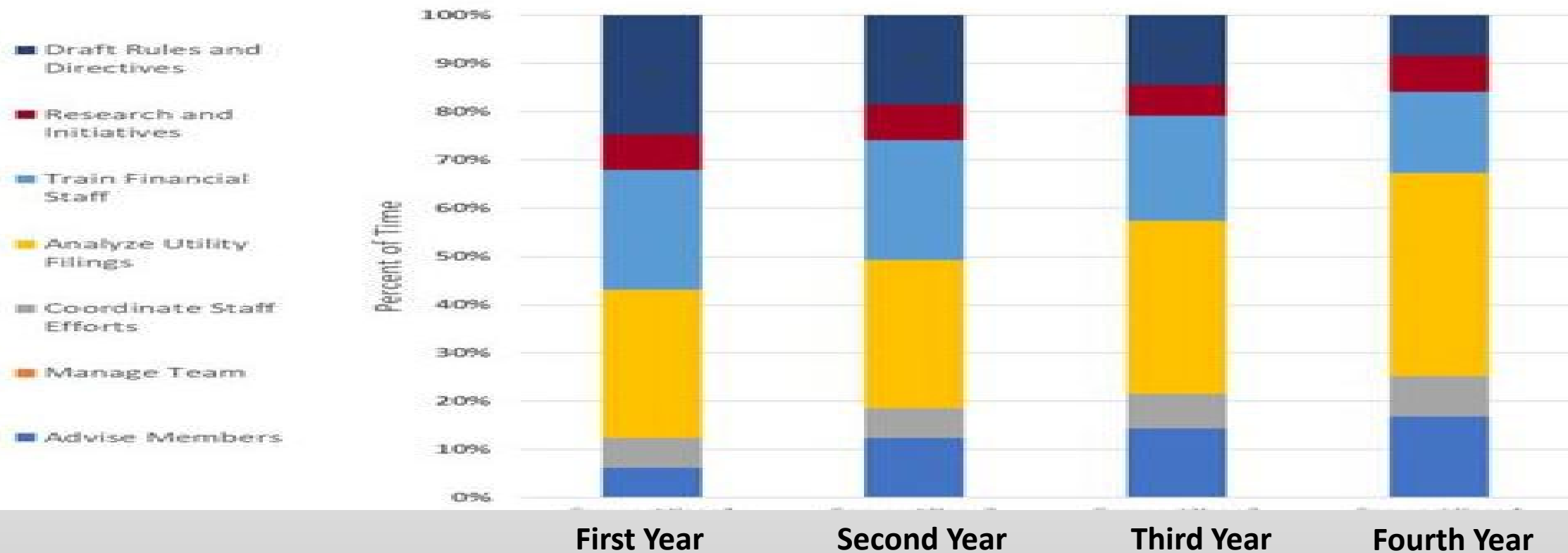
- Providing guidance and direct inputs to regulatory directives in economic, legal, policy and technical areas
- Working with ERC staff and Commissioners to establish strong internal decision-making and operational Practices
- Supporting ERC staff and Commissioners in reviewing key documents and submissions (e.g., tariff applications, power purchase agreements, technical monitoring reports, etc.)
- Supporting ERC in managing independent studies and analyses.
- Supporting ERC in development of strategy documents and tools
- Conducting trainings and other capacity building activities
- As required, assist coordinating and supporting the tasks of ERC staff



Consolidated Level of Effort –Economic/ Financial Regulatory Advisor



Economic/Financial Regulatory Advisor
Estimated Level of Effort

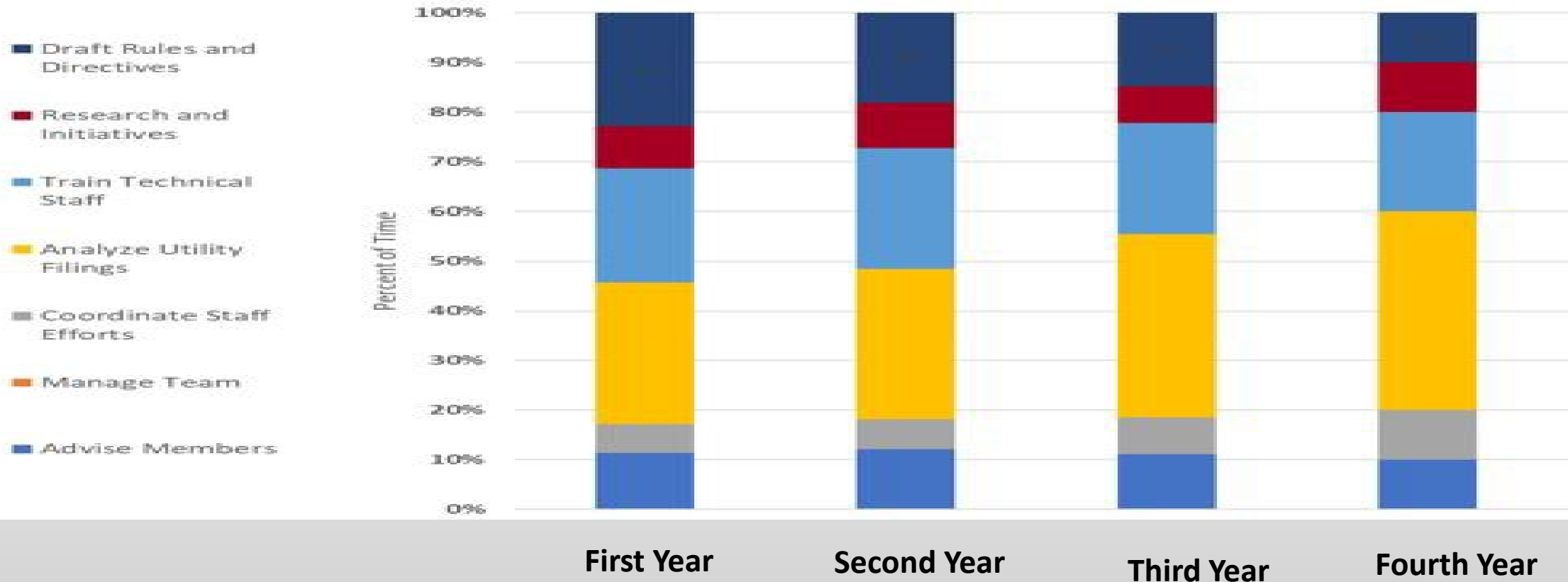




Consolidated Level of Effort – Technical Regulatory Advisor

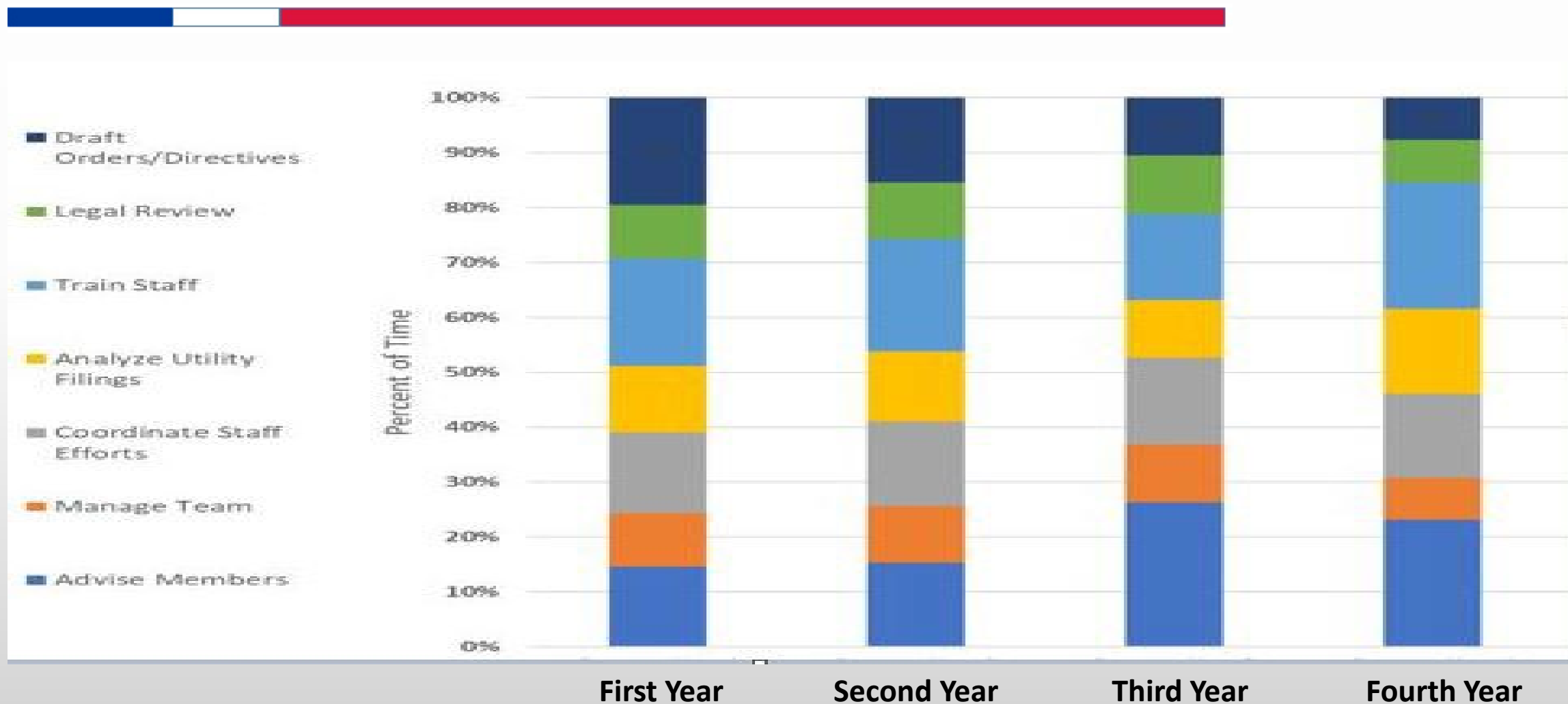


Technical Regulatory Advisor
Estimated Level of Effort





Consolidated Level of Effort –Legal Regulatory Advisor

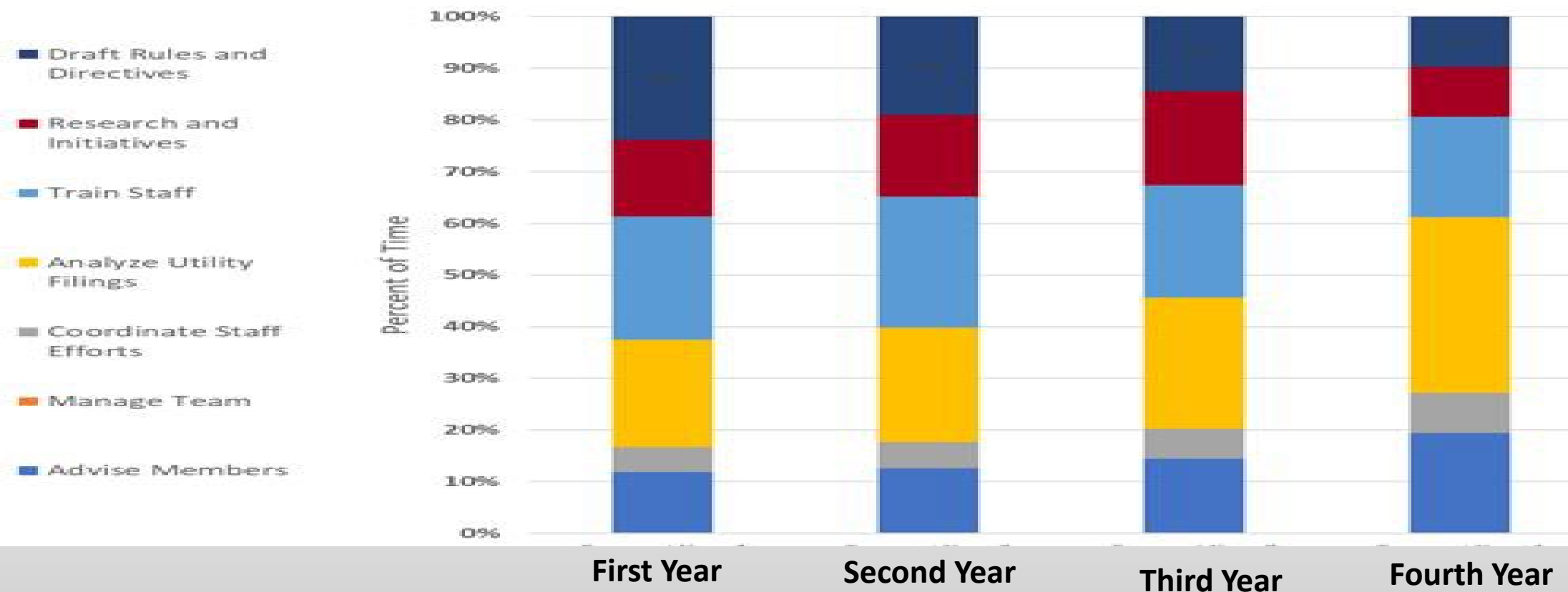




Consolidated Level of Effort –Policy Regulatory Advisor

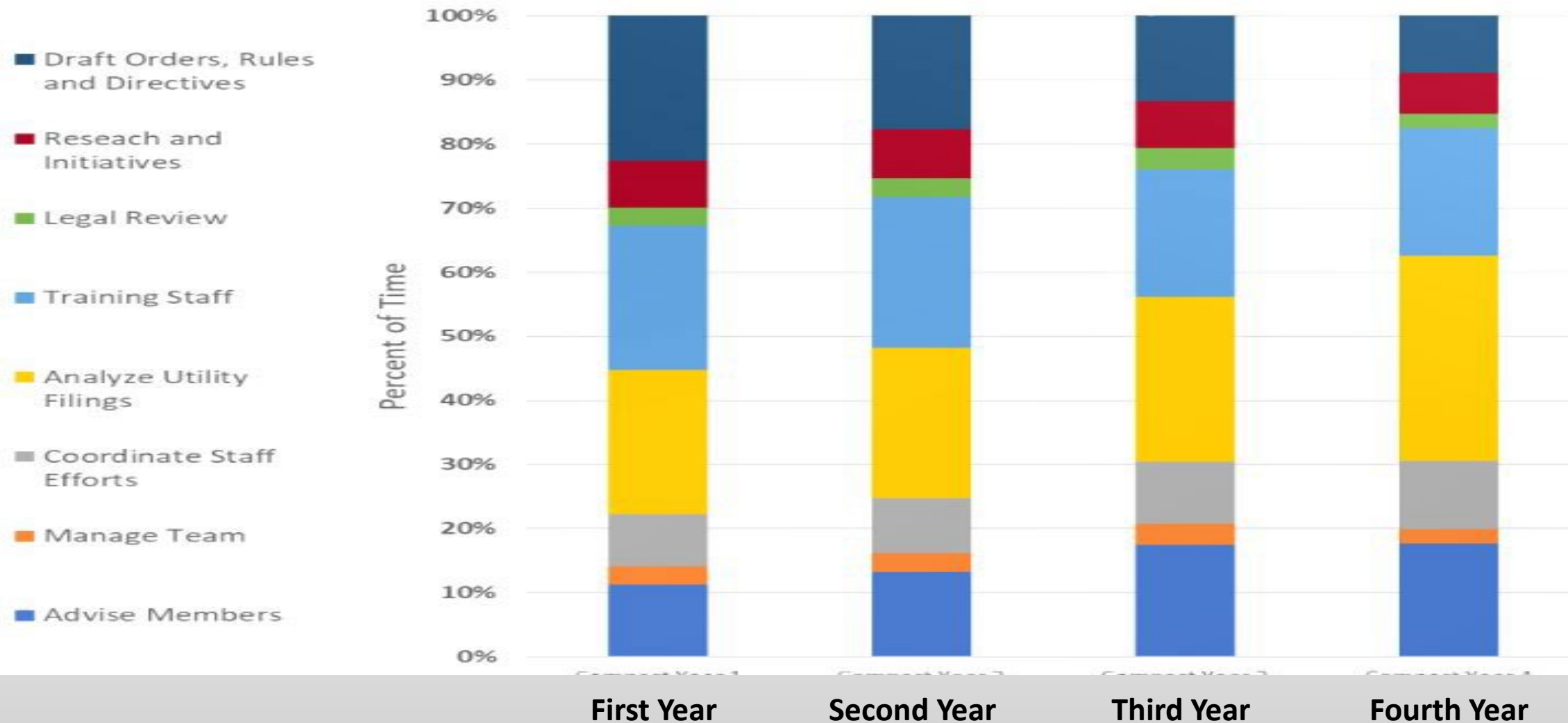


Policy Regulatory Advisor
Estimated Level of Effort



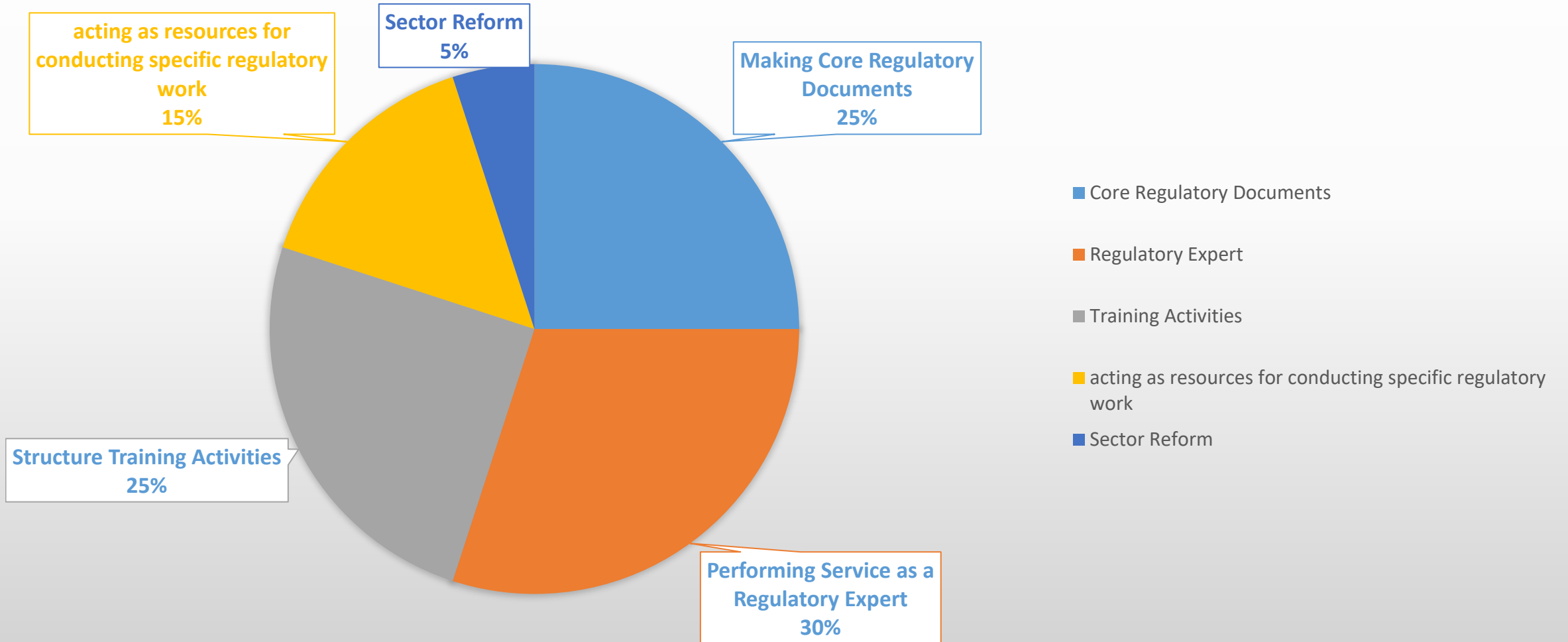


Consolidated Level of Effort –Entire Advisors Team



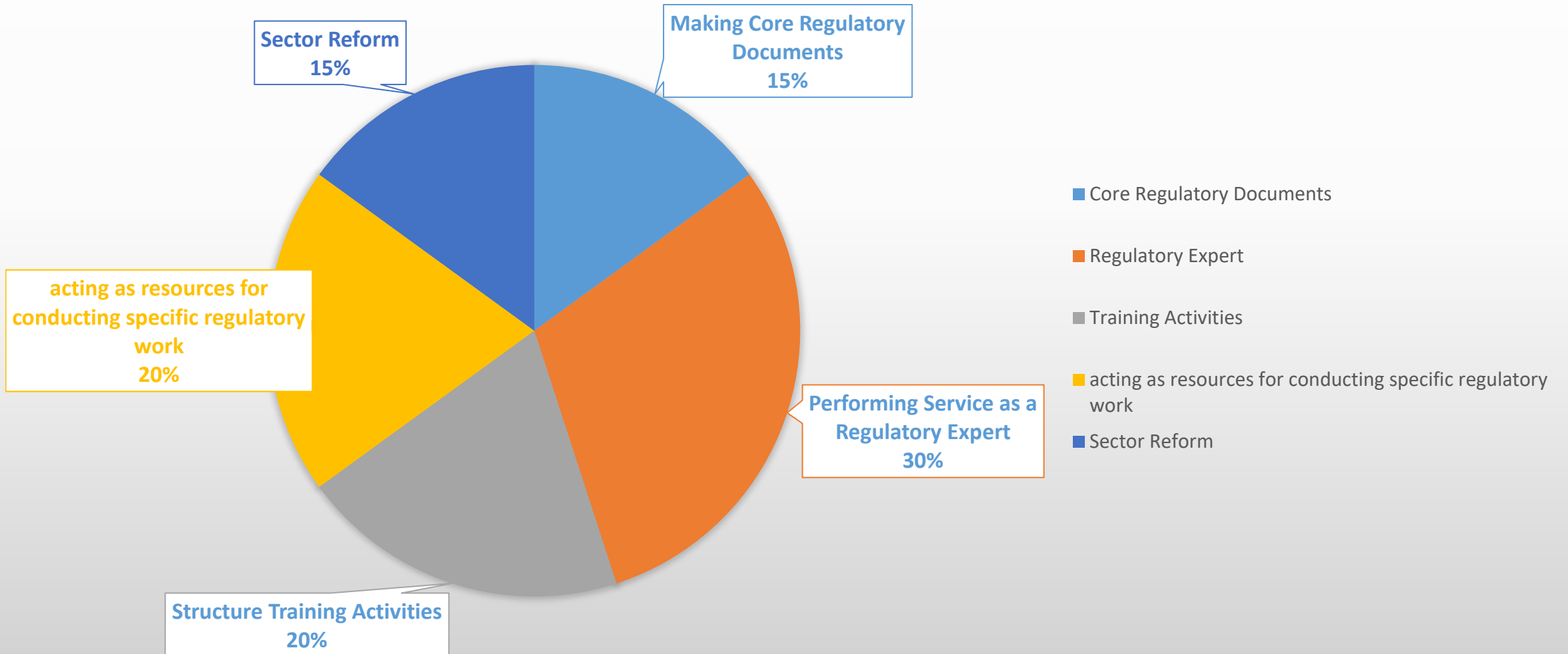


First Year of Consulting Works



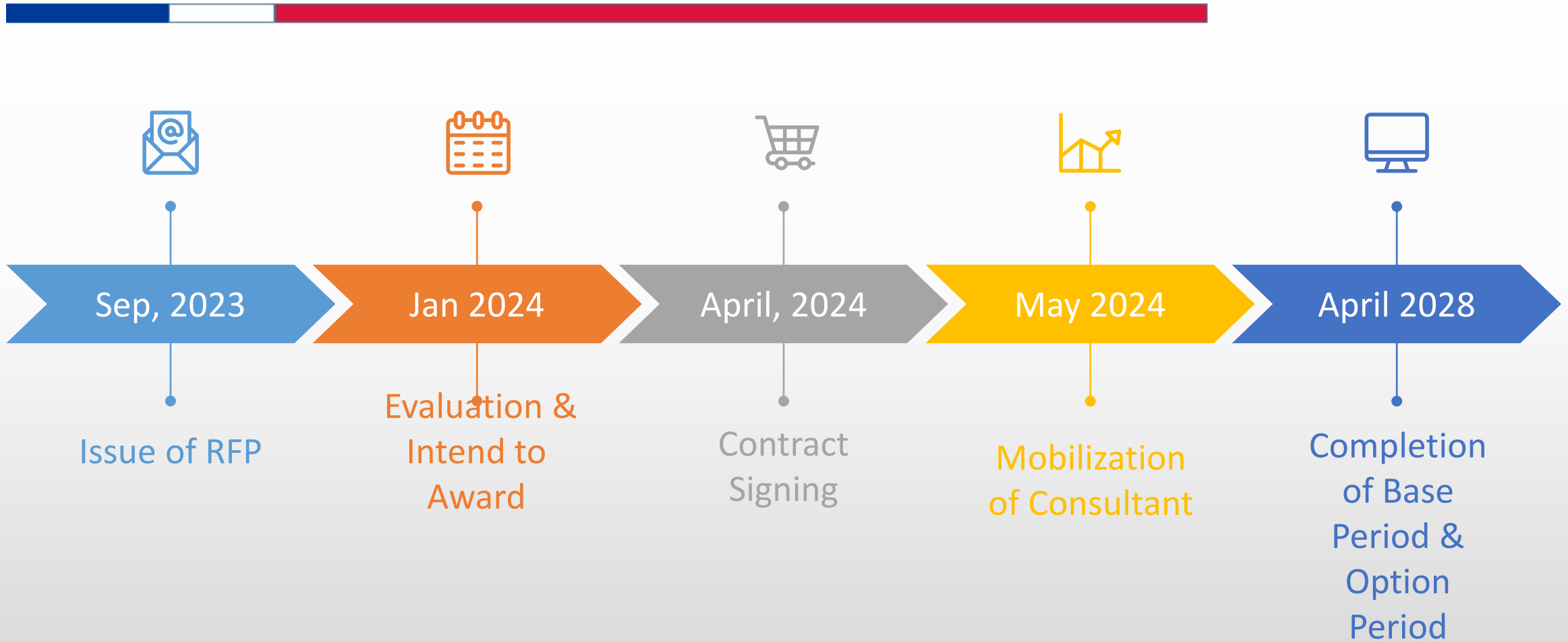


Second Year of Consulting Works





Major Milestone (Consulting Services for Embedded Advisors)





Major Procurement





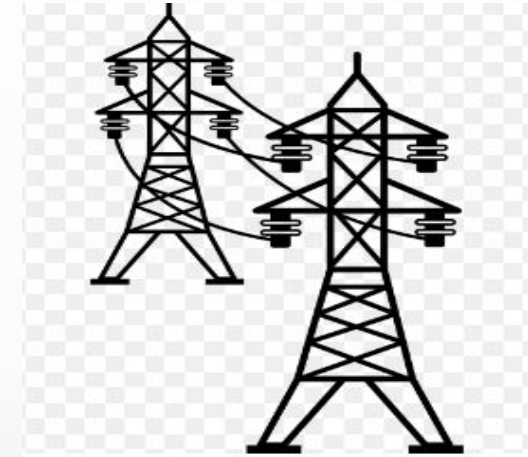
Procurements of Individual Consultants for Short Term Technical Assistance



Technical Guidelines



Tariff Methodology



Grid Code/ Distribution Code



Power Sector Benchmarking



System and Market Operation



Cross Border Regulations



ERC Support Areas

Short-Term Technical Assistance & Analysis:

➤ Carry Out Various Studies and Analysis

- Reviewing a tariff methodology process
- Cost of Service Study
- Investment Guideline
- Reviewing a Grid Code/Distribution Code
- Power Sector Benchmarking
- System Operation & Market Rules
- Regional Regulatory Framework
- Cross border Power Trade Regulations
- Other Technical Requirements as per ERC urgency and needs



Sub-Procurement

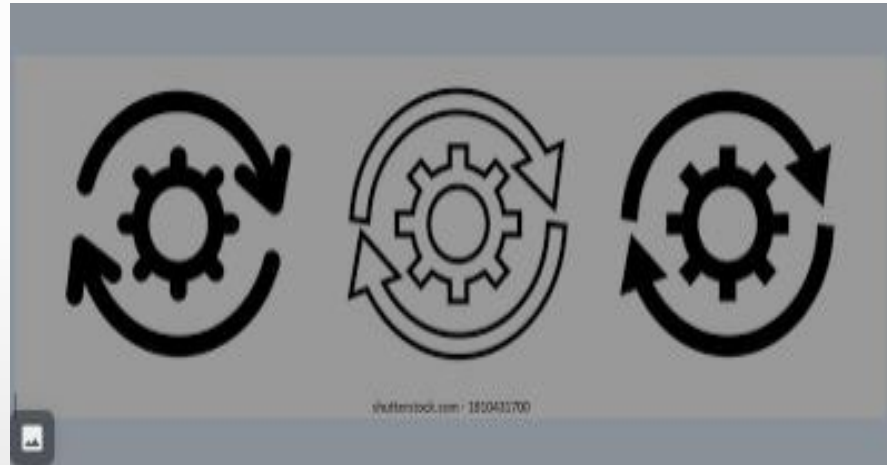




Sub- Procurement- Fundamental logistics support



Basic IT Equipment's



Regulatory Information Management System and Docket Management System



Regulatory Resource Library



ERC Support Areas



Fundamental logistics and other support:

➤ The Compact will support on following areas

- Basic IT Equipment (Laptop, Computer, Printer, Server etc)
- Operating systems (Regulatory Information Management System and Docket Management System)
- Development and Operation of Infrastructure for conducting Hearing, & E-Hearing (E-court)
- Support for Establishment for a Regulatory Resource Library
- Office Furniture's



Major Procurement





Training Activities



In-house Trainings



External Regulatory Trainings



Exposer and Visit



ERC Support Areas

Training/Study Tours:

- **The Compact will support on following areas**
 - Series of In-house Training in different Regulatory Areas**
 - On the Job Training**
 - Targeted External Capacity Building Programs in Regulatory Fundamentals**
 - Outside Exposure, Study Tour/Visits to Hydropower Projects**



Additional information for Consulting Services for Embedded (Resident) Advisors for ERC

- **Work station for four Embedded Advisors will be in the ERC office**
- **ERC will provide office space and working desks for the Embedded Advisors.**
- **MCA-Nepal will act as project monitor for all contractual and administrative matters to ensure that quality work products are provided by the Consultant.**
- **MCA-Nepal will be responsible for procurements of all other short term technical assistance Consultants and regulatory resources logistic support.**
- **The detailed scope of work for the Consulting services for Embedded Advisors should be reflected in the RFP which is expected to launch in September 2023.**



Fostering economic growth with better access to electricity and roads.