



Fourth
ENERGY SUMMIT
Bosnia and Herzegovina



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Ministry of Foreign Trade and
Economic Relations of BiH



State Electricity Regulatory
Commission



Regulatory Commission for
Energy of BiH



Regulatory Commission for
Energy of BiH



The Role of Regulators in Energy Efficiency – US/EU Experiences

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Efficiency First: Reframing energy efficiency



Business-as-usual

Efficiency First

	Business-as-usual	Efficiency First
Mandate	LAW REQUIRES: Network companies to ensure secure operation of the network ...by making investments in cost-effective necessary network infrastructure	Network companies to ensure secure operation of the network ...by making investments in the most cost-effective mix of necessary network infrastructure, energy efficiency, and load management measures.
Network Development Plan	THE NETWORK COMPANY: Forecasts need and identifies network investments Identifies portfolio of network investment options ...of network options Proposes to Regulator investment plan with price tag (revenue requirement)	Forecasts need and identifies network investments Identifies portfolio of network investment options <i>...and demand management options incl. energy efficiency</i> Conducts cost-benefit analysis <i>...of all options on both the network and demand-side</i> Proposes to Regulator investment plan with price tag (revenue requirement)
Regulatory Review & Approval	REGULATOR ASKS: Are demand projections reasonable? Does plan address needs? Are investments cost-effective/reasonable, considering: <i>...proposed investments in network options?</i>	Are demand projections reasonable? Does plan address needs? Are investments cost-effective/reasonable, considering: <i>...proposed investments in all options on both the network and demand-side?</i> Approval of budget
Investment	NETWORK COMPANY: Plans, tenders, contracts for work to implement investment plan <i>...focused on network infrastructure</i>	Plans, tenders, contracts for work to implement investment plan <i>...focussed on all options, both network infrastructure and demand-side</i>

Role of regulator in US/EU EEOs



Regulator...	US	EU
... defines overall policy framework including target	(✓)	
... defines targets for obligated parties	✓	✓
... defines detailed compliance rules	✓	✓
... implements and administers EEO	✓	✓
... is responsible for monitoring and verification	✓	✓
... is responsible for cost monitoring	✓	(✓)

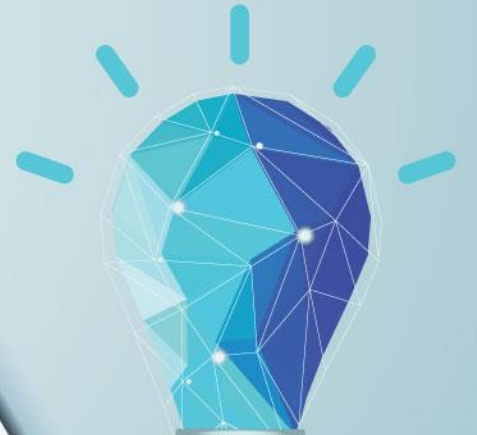
Ensuring transparency

- **Cost monitoring** in many cases done by regulator
- **Compliance checks** to ensure that obligated parties are delivering the programme as intended



Monitoring, reporting and verification of energy savings

- **Monitoring & reporting by regulator:**
 - an essential element of well-designed EEOs
 - obligated parties typically report to the entity responsible for monitoring that EEOs are delivered – in most cases the regulator
- **Audits by regulator:**
 - typically paper-based and physical inspection of smaller sample
 - regulator checks projects have been carried out as stated by obligated parties
 - regulator assesses technical quality of measures



Thank you for your attention



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