



# Regulatory authorities and regulatory management

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# Structure of the presentation

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1. Regulatory policy at the OECD
2. Governance of regulators
3. Regulatory management
4. Putting it into practice



# Regulatory Policy at the OECD



# OECD and regulators: Normative frameworks, broad global trends and in-depth studies

## OECD normative frameworks

Council Recommendation on Regulatory Policy and Governance (2012)

Best Practice Principles on the Governance of Regulators (2014)

Creating a Culture of Independence: Practical Guidance Against Undue Influence (2017)



## Global trends

Governance of Regulators Indicators (2013, 2018)

Survey on Independence of Regulators (2016)

## Performance reviews

Osinergmin, Peru (2019)

CRU, Ireland (2018)

CRE, CNH and ASEA, Mexico (2016)



Achieving good regulatory outcomes depends on a combination of factors

**Well-designed rules and regulations that are efficient and effective**

**Appropriate institutional frameworks and related governance arrangements**

**Effective, consistent and fair operational processes and practices**

**High quality and empowered institutional capacity and resources, especially in leadership**



# Governance of regulators



## Achieving good regulatory outcomes: Governance

Well-designed rules and regulations that are efficient and effective

Effective, consistent and fair operational processes and practices

**Appropriate institutional frameworks and related governance arrangements**

**High quality and empowered institutional capacity and resources, especially in leadership**



# Governance matters for performance: Seven principles



1. Role clarity

2. Preventing  
undue influence  
and maintaining  
trust

3. Decision-making  
and governing  
body structure

4. Accountability  
and transparency

7. Performance  
assessment

6. Funding

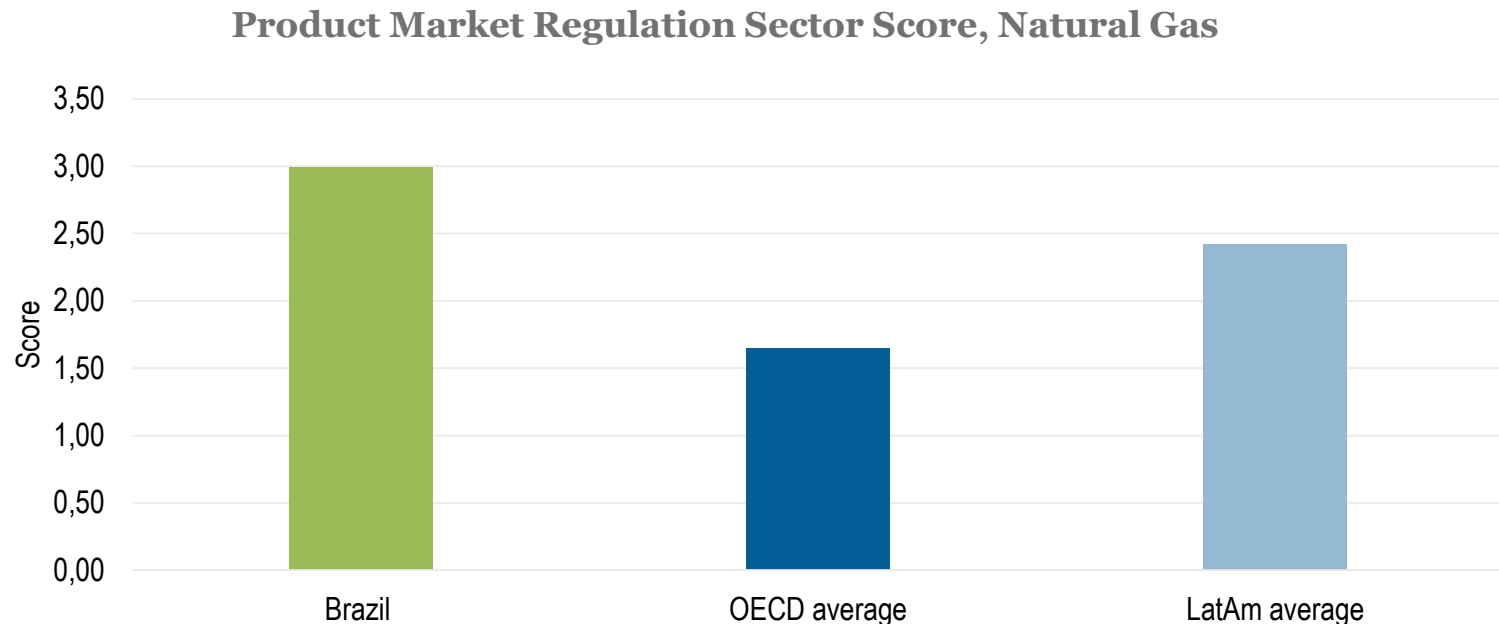
5. Stakeholder  
engagement





# Context is key

Barriers to firm entry and competition in the Brazilian gas sector are higher than in most other countries



\* Index scale 0 to 6 from least to most restrictive

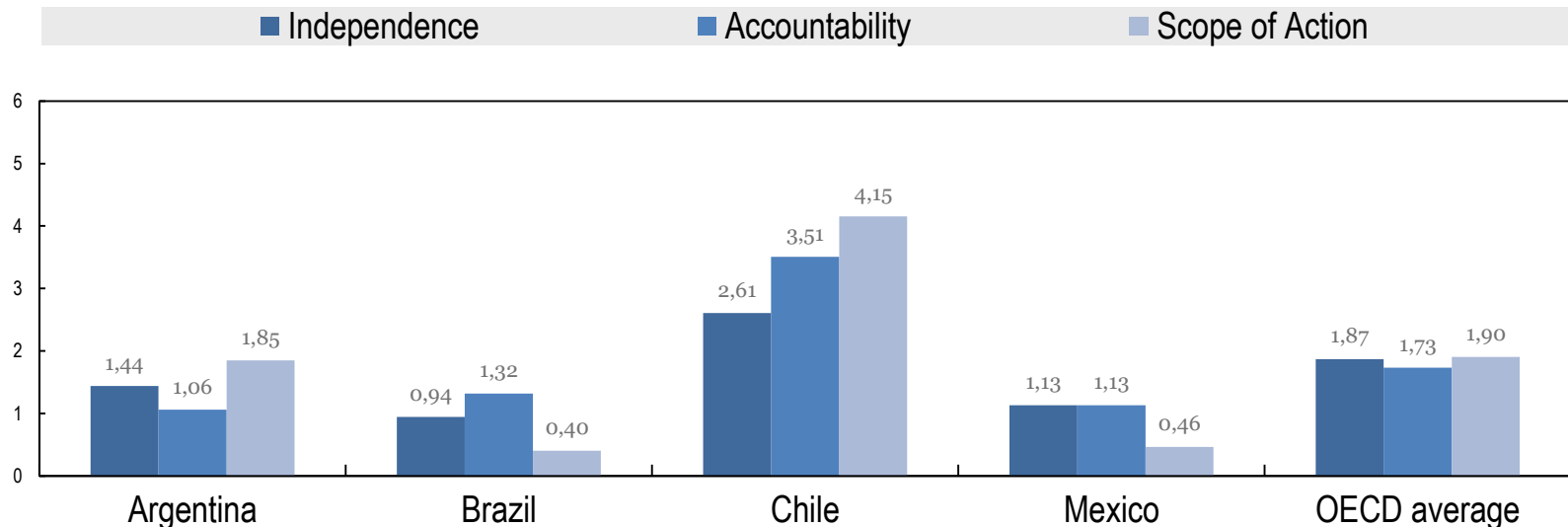
Product Market Regulation Sector Indicators, 2018 -

<https://www.oecd.org/economy/reform/indicators-of-product-market-regulation/>



# Energy regulators Arg, Bra, Mex “do better” than OECD average

## Average independence, accountability, scope of action indicators of energy regulators



\*Index scale 0 to 6 from stronger to weaker governance arrangements

\*\* Energy scores for Brazil average scores from the federal electricity and gas regulators

Indicators on the Governance of Sector Regulators, 2018 -

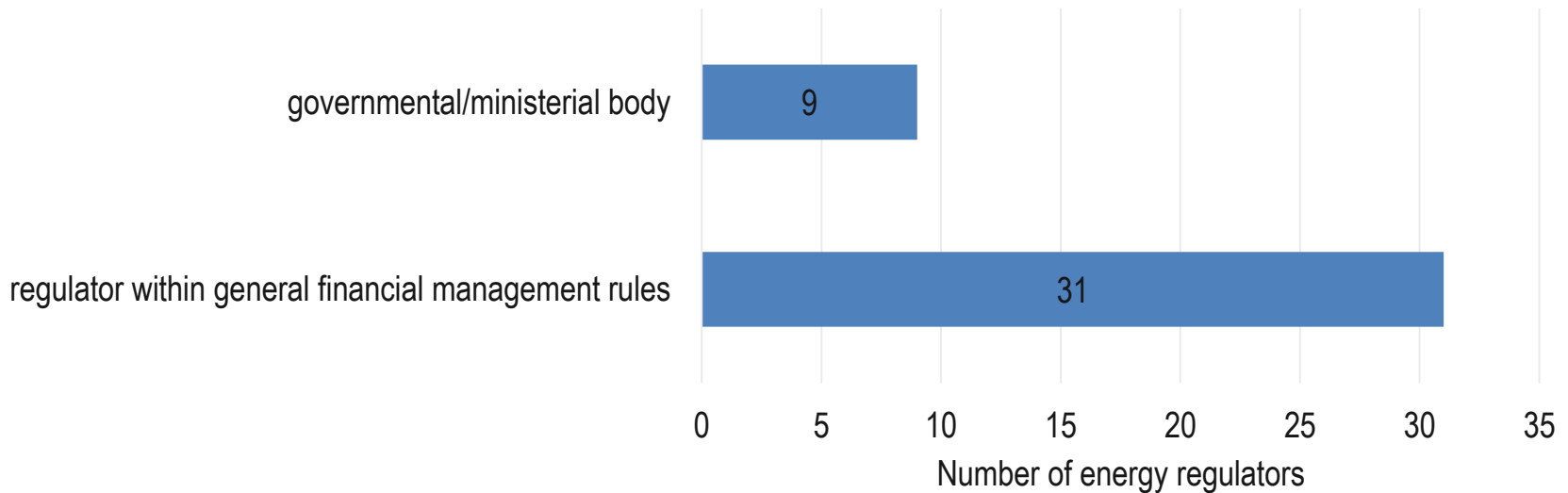
<https://www.oecd.org/economy/reform/indicators-of-product-market-regulation/>



## Budgetary autonomy

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Which body is responsible for deciding the regulator's allocation of expenditures?

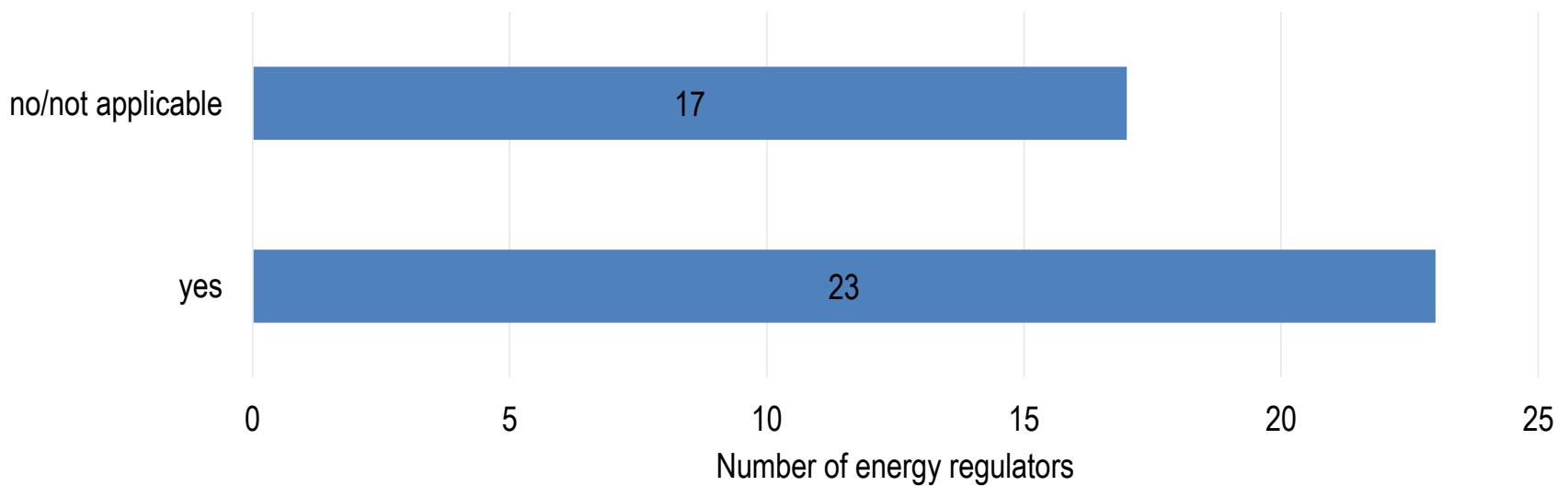




# Accountability to the legislative body

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Does the regulator present a report on its activities to parliamentary/congressional committees?





# Regulatory management



# Achieving good regulatory outcomes – Regulatory management

**Well-designed rules and regulations that are efficient and effective**

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# Regulatory management tools

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**Stakeholder engagement** - informing and eliciting feedback from citizens and other affected parties so that regulatory proposals can be improved and broadly accepted by society



**RIA** - critically examining the consequences of a range of alternative options



***Ex post* evaluation** – assessing whether regulations have in fact achieved their objectives, as well as looking as to how they can remain fit for purpose

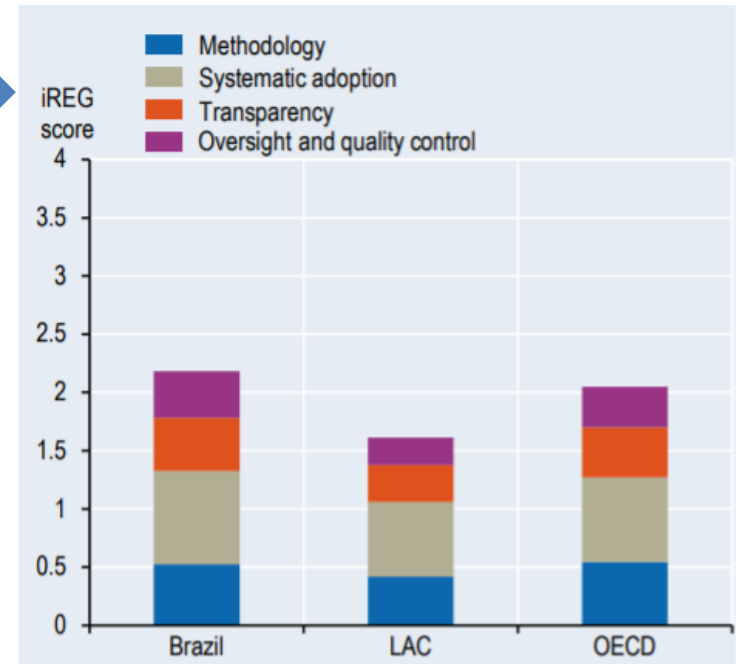
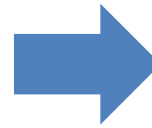


# Regulatory management in Brazil

**Stakeholder engagement** in the development of subordinate regulations

**Regulatory Impact Assessment** used in several regulatory agencies

*Ex post* evaluation not used systematically







What does it look like in practice?





# Expanding roles and new risks

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## Irish multisector regulator



- Gradual increase in CRU's functions creates the risk of competing priorities
- CRU has responsibility for licensing gas and electricity undertakings and also regulating safety in the same sectors
- Potential trade-off where safety should take precedence over economic considerations



# Co-ordinating among multiple actors

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## Regulators in the Mexican energy sector



- Numerous regulators in the energy sector created significant co-ordination challenges
- Creation of a Co-ordinated Council for Energy Sector (Consejo de coordinación del Sector Energético, CCSE) mandated by law as well as a cross-cutting technical regulator for safety and environmental protection
- Upstream, downstream and technical regulator created a joint working group to coordinate:
  - Planning
  - Operating priorities
  - Resources – staffing and financial autonomy
  - Conflict resolution for conflicts between regulators



# Thank you

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For more information:

- ❖ OECD on regulatory policy:  
[www.oecd.org/gov/regulatory-policy/](http://www.oecd.org/gov/regulatory-policy/)
- ❖ OECD Network of Economic Regulators:  
[www.oecd.org/gov/regulatory-policy/ner.htm](http://www.oecd.org/gov/regulatory-policy/ner.htm)

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