



**Minutes of the 8th SAFIR (Videoconference) Steering Committee Meeting**  
**World Bank offices in New Delhi, Islamabad and Dhaka**  
**29<sup>th</sup> June 2004**

The eighth meeting of the SAFIR Steering Committee was held through videoconference at the World Bank offices in New Delhi, India; Islamabad, Pakistan and Dhaka, Bangladesh, on 29<sup>th</sup> June 2004 (List of participants is attached as Annexure A). Lt Gen (R) Saeed uz Zafar, Chairman SAFIR and Chairman, National Electric Power Regulatory Authority (NEPRA), Pakistan chaired the meeting and Mr. Ian Alexander moderated the discussions. Prof. Rohan Samarajiva, was a special invitee to join the meeting at the World Bank Colombo office, but could not join because of some coordination problems. The gist of the discussions is summarized below.

**Introduction**

The Chairman formally welcomed all the Steering Committee Members and introduced the two new SAFIR members - **Sui Southern Gas Company Limited** (represented by Mr. Munawar B Ahmed, Managing Director) and **Sui Northern Gas Pipelines Limited** (represented by Mr. A Rasid Lone, Managing Director). The good offices of Mr. Munir Ahmed, Chairman, OGRA, were warmly acknowledged for initiating the SAFIR membership process in the Oil and Gas Sector of Pakistan.

The Chairman, SAFIR briefed the members on the agenda of the meeting. The 6<sup>th</sup> Core Training Course discussion was highlighted as the most important item on the agenda keeping in view the scheduled time (3<sup>rd</sup>-11<sup>th</sup> October 2004) for the Training Program. The Chairman indicated his interest in inviting VVIPs from Pakistan to inaugurate the Core Training Program at the Marriott in Islamabad on 2<sup>nd</sup> October 2004. The status of SAFIR Regulatory Compendium compilation was viewed with great interest as an important and valuable reference.

The Chairman also emphasized the importance of research and dissemination activities of SAFIR, and in this context discussed the relevance of sharing of research material among the Steering Committee members. With special emphasis on the SAFIR Newsletter, it was suggested that apart from research articles, a discussion forum could be initiated to facilitate discussion and exchange of ideas among the various stakeholders in the infrastructure sector. It was also

suggested that Country Reporters could be appointed from the various SAFIR member countries to widen the news coverage of the SAFIR Newsletter.

The listed items on the agenda were taken up one by one.

## **1. SAFIR Sixth Core Training Program on Infrastructure Regulation and Reform**

TERI made a presentation on the 6<sup>th</sup> SAFIR Core Course to be held during October 3-11, 2004 in Pakistan. This was followed by a discussion on the structure and course content of the various plenary sessions and the sectoral breakouts. Some of the important issues that were discussed during this session are summarized below:

### ***Brief Trip to Pakistan***

To decide the venue for the 6<sup>th</sup> Core Training Program to be held in Pakistan, a brief trip was made by Shahid Hasan, TERI, from 22<sup>nd</sup> – 27<sup>th</sup> May, to finalize the hotel/accommodation facilities and work out the various logistics of organizing the training program. Finally, in consultation with senior officials from NEPRA, it was decided that the 9-day training program (3-11 October 2004) would be held at the Hotel Pearl Continental, Bhurban (Murree), Pakistan. Subsequently, a course fee structure was worked out and sent to the Steering Committee members for their approval.

### ***Course Agenda: Plenary Sessions***

While the basic structure of the program is similar to previous training programs, some of the new topics that have been introduced in this year's Core Training program are:

- Public utilities: issues surrounding restructuring & commercialization
- Information asymmetry: Overcoming the barriers to effective Regulation
- Performance evaluation of regulatory systems and agencies
- Alternative Dispute Resolution

Some of the other topics that were suggested to be included in the upcoming Core Training Program were:

- Role of regulator in introducing competition
- How to make competition effective
- Examples of unbundling of the Power sector in India and the introduction of the Open Access policy and Competition in the Oil and Gas sector of Pakistan could also be discussed in the context of Competition
- Regulatory treatment of investments
- Legal and judicial processes in regulation

### ***Course Agenda: Sectoral Breakouts***

An important observation that was made with regard to the Sectoral breakouts was to exclude the 'transport sector' from the discussions. This was based on the fact that, since the training program is a fee-based program, and thus, adequate number of participants are required to make the program viable. However, based on past experience, there has not been enough participation from the transport sector.

### ***Status on Core Course Brochure***

Some of the important points that were raised with regard to the printing of the Core Course brochure are as follows:

- Since the Visa Approval process of Indian officials traveling to Pakistan, takes time, the brochure for the 6<sup>th</sup> Core Course Training Program needs to be printed at the earliest.
- It was decided that by the first week of July, the soft copy of the brochure could be out on the SAFIR website, and the week after that, the brochure for the Core course could go in for printing. Prior to this, it was agreed that the soft copy of the Course brochure would be circulated among the Steering Committee members for their comments.
- It was also discussed that NEPRA officials would visit TERI, New Delhi, in the second week of July to finalize the course logistics and various other modalities with regard to organizing the course.

## **2. Regulatory Compendium**

TERI gave a presentation on the status of the Regulatory Compendium. Some of the important issues that were discussed are summarized below:

TERI has been awarded the project of preparing the SAFIR regulatory compendium. The main objective of this project is to undertake a review and systematically compile orders and judgements in the *power and telecom sector only for the period 1998 to March 2003* across the South Asian region (India, Pakistan, Sri Lanka and Bangladesh). This exercise shall provide an assessment of decisions and orders that represent significant findings in terms of their impact on regulatory practices in the region. Moreover the regulatory and regulated entities in the region will benefit from an overview of regulatory decisions related to the said sectors.

Besides, legal practitioners, consumer organizations, research and academic institutes' etc would also benefit from the Compendium. The compendium is proposed to be later published on a yearly basis.

TERI made a brief presentation highlighting the “progress” made so far on this project. With regard to the power sector in India, it was cited that ERC orders, court judgements and NEPRA orders would be covered. Keeping in view the magnitude of orders pertaining from 1998 to March 2003, it was considered pertinent to identify only the significant orders that had set precedence and had been innovative in approach. The criteria of significance and subject wise structuring were also touched upon. Further, the status on work in progress currently was also provided.

Regarding the telecommunications sector, the coverage of orders and judgements in the Indian case was indicated . The current status of compilation was presented wherein it was informed that short-listing of orders and judgements has been finalized with inputs from the JSA, and summaries of regulatory orders and TDSAT judgements are under internal review. Further, the delay and difficulty in getting inputs from PTA and TRC of Sri Lanka was pointed out and the help of Steering Committee members was sought in facilitating the inputs . It was also agreed that first draft is most likely to get ready by October and final version by December.

In the comments that followed the presentation, the SC members suggested that review petitions and orders of Bangladesh Telecom regulatory commission should also be covered in the compendium.

The Steering Committee members also suggested that the draft compendium should definitely be ready for circulation before the 6<sup>th</sup> Core Course program, scheduled from 3-11 October 2004 in Pakistan, so that it is available for discussion in the training program.

Apart from this, there was also a suggestion by the Oil and Gas Regulatory Authority (OGRA), Pakistan, that there are a number of review cases before the regulatory commission that could be included, probably in subsequent issues of the Compendium.

### **3. TAMP Proposal**

Mr. Venkataraman, Director, TAMP, made a presentation on the TAMP Proposal submitted to SAFIR.

In the last Steering Committee meeting, held in February 2004, it was decided that SAFIR members should identify issues and areas in which they would like research/ capacity building to take place. The members would then have to prepare proposals to undertake research on these issues and submit these to the SAFIR SC meeting for consideration.

Since then, only one proposal from the Tariff Authority for Major Ports (TAMP), India has been received. Mr. Venkataraman, Director, TAMP presented this proposal in the meeting, which is summarized below:

### ***Objective***

Fine- tune and strengthen the regulatory process of tariff setting in Indian ports

### ***Components of the Project***

#### *(i) Expert Study on the identified subjects*

There would be 3 phases in the Study:

- (a) Automatic Annual adjustment of Tariff: This would involve, adopting a CPI-X formula for tariff calculation, taking into account foreign exchange fluctuations. This would be conducted by a Professional Consultancy Organisation and the estimated cost of the study would be Rs. 1.2 million.
- (b) Uniform Tariff Structure and Proforma for filing tariff proposal: This would be conducted with the objective of overcoming the wide variation in tariff structure due to historic reasons and bundled services. This assignment would be contracted out to a group of individual consultants of the sector such as training institutes like NIPM or IIPM, and would involve an estimated cost of Rs. 6 lakhs.
- (c) Evaluation of Regulation of Tariff: This study would involve an assessment of impact of tariff regulation. It would be conducted by a professional consultancy organization and would involve a cost of Rs. 1.2 million.

#### *(ii) Study tours*

This would involve an interaction with different international regulatory agencies. The duration of the tour would be divided into 2 halves, the first leg of the tour would cover Port Kelang, Singapore and Regulator General in Australia with a duration of 10 days and an estimated cost of Rs. 5.92 lakhs. The second leg of the tour would involve an interaction with FMC, American Association of Ports, Utility Commission, etc. The duration of the tour would be of 7 days and the estimated cost for the same would be Rs. 7.58 lakhs.

#### *(iii) Participation in International training programmes/ seminars/conferences*

This would involve the nomination of TAMP officials to international training programs/ seminars and conferences, involving an estimated cost of Rs. 6 lakhs.

The project is to be completed within a time frame of 6 months.

### ***Total Financial Plan***

The total cost of the project was estimated as US\$ 110,001. The funding of this project requested from SAFIR is US\$ 76,668, with TAMP's share in the total financing plan being US\$ 33,333.

### ***Conclusion***

The SC members reached a consensus that unless some more proposals are submitted to SAFIR; a decision cannot be made. As a result, it was decided that the Steering Committee would wait for another month to receive some more research proposals and then review the TAMP proposal. TERI was asked to send a reminder to SAFIR members about this.

### **SAFIR Newsletter**

The important issues that were discussed with respect to the **SAFIR Newsletter** are as follows:

- (i) To improve the news coverage in the area of Regulation and Reforms in the infrastructure sector, it was decided that national correspondents would be designated in the SAFIR member countries. These country reporters would provide relevant news briefs, which would be published in the respective issue of the SAFIR newsletter.
- (ii) It was requested that SAFIR members should put TERI on their mailing list to directly mail news briefings and any other developments to TERI so that these can be promptly and accurately covered in the Newsletter.
- (iii) Finally, it was reiterated that apart from research articles, the newsletter should also carry case studies discussing and exchanging ideas among the various stakeholders in the infrastructure sector of the South Asian region.

### **MA in Regulatory Studies**

There was a discussion on the capacity building initiative undertaken by TERI by way of the Masters in Regulatory Studies being awarded by the TERI School of Advanced Studies (TERI-SAS). Envisioning a cadre of professionals who will be able to deliver reforms across all the infrastructure sectors, the aim of this program is to achieve a critical mass of expertise and

academic excellence that would provide a basis for influencing public policy and regulatory practice.

It was discussed that the program would be a 2-year Masters course, offering students 2 optional streams. These are:

**Stream I:** A regular program for graduating students

**Stream II:** A programme based on a research dissertation rather than course credits for practising professionals. The course allows professionals the flexibility to take up a research/thesis based curriculum. It is mandatory for students to undertake course work in the first year. In the second year, the students will have to undertake a thesis and defend the same at the end of the year. They need not devote much time on campus.

The course would commence from September 2004.

It was highlighted that it is crucial that this program draws greater participation from the South Asian region, with a special emphasis on Stream II candidates. There were some concerns with regard to the Fee structure and the duration of the program. It was also recognized that this initiative was open to non-SAFIR Steering Committee members, as well.

### **Conclusion/ Round Up**

The meeting ended with a vote of thanks to the SAFIR Chairman, World Bank, and all the SAFIR members. The Chairman, SAFIR also thanked the last SAFIR Chairman, Mr. T L B Hurulle, for the commendable work carried out by him towards promoting SAFIR's objectives during 2003-04.

## **Annexure A: List of Participants of 8<sup>th</sup> Steering Committee Meeting - 29<sup>th</sup> Jun 2004**

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