

United Nations – CSD 15 – 8 May 2007

Light handed Regulation for Village Mini-Grids in Bolivia

Mark LAMBRIDES, REEEP LAC Secretariat
Dr. Xavier LEMAIRE, Sustainable Energy Regulation Network/REEEP

Context

- **Existence of small operators (mainly diesel) for isolated village mini-grids**
 - **What kind of regulation?**
- ➔ **Case from the World Bank/Energy and Mining Sector Board, 2006**
-

Recognition of the impossibility of implementing conventional regulation

Before 2000, all operators of isolated village mini-grids above 300kW installed generating capacity were required to acquire concessions

BUT

- Concessions could only be granted to entities that were shareholder companies \leftrightarrow 2/3 of mini-grids operated by cooperatives
- The reporting requirement and technical standards were too costly to satisfy by small cooperatives

Design a light-handed regulatory systems to avoid over-regulation

Three questions:

- Can the number of review and approval steps be reduced?
- Is the information really needed?
- Can the regulator delegate some regulatory tasks to other entities?

Partial solution

- Raise the threshold of regulation to 500 kW peak demand
- Allow cooperatives to maintain their legal status for an initial period of 7 years
- Discussion to lower reporting and technical requirements for all mini-grids with less than 2,000 users

Proposed systems of graduated regulation

- Systems above 1 MW
 - Regulated as before
- Systems between 300kW and 1 MW
 - Fewer reporting requirement and less stringent service standards
- Systems under 300 kW
 - No obligation for operators except to register themselves and provide a yearly update of basic information

Regulation for solar home systems?

Option 1 (best option): Regulation by the government entity that provides installation subsidies

OR

Option 2: Regulation by the national electricity regulator

OR

Option 3: No regulation

Reference of the case

- Electrification and Regulation: Principles and a Model Law (269k pdf). Discussion Paper No. 18 by Kilian Reiche, Bernard Tenenbaum, and Clemencia Torres de Mästle. World Bank, Energy and Mining Sector Board, July 2006.
- World Bank
<http://siteresources.worldbank.org/INTENERGY/Resources/EnergyPaper18.pdf>
- SERN
<http://www.reeep.org/groups/sern>