



# **Towards a regulatory framework for the utility sector of Curaçao: Lessons from international experiences**

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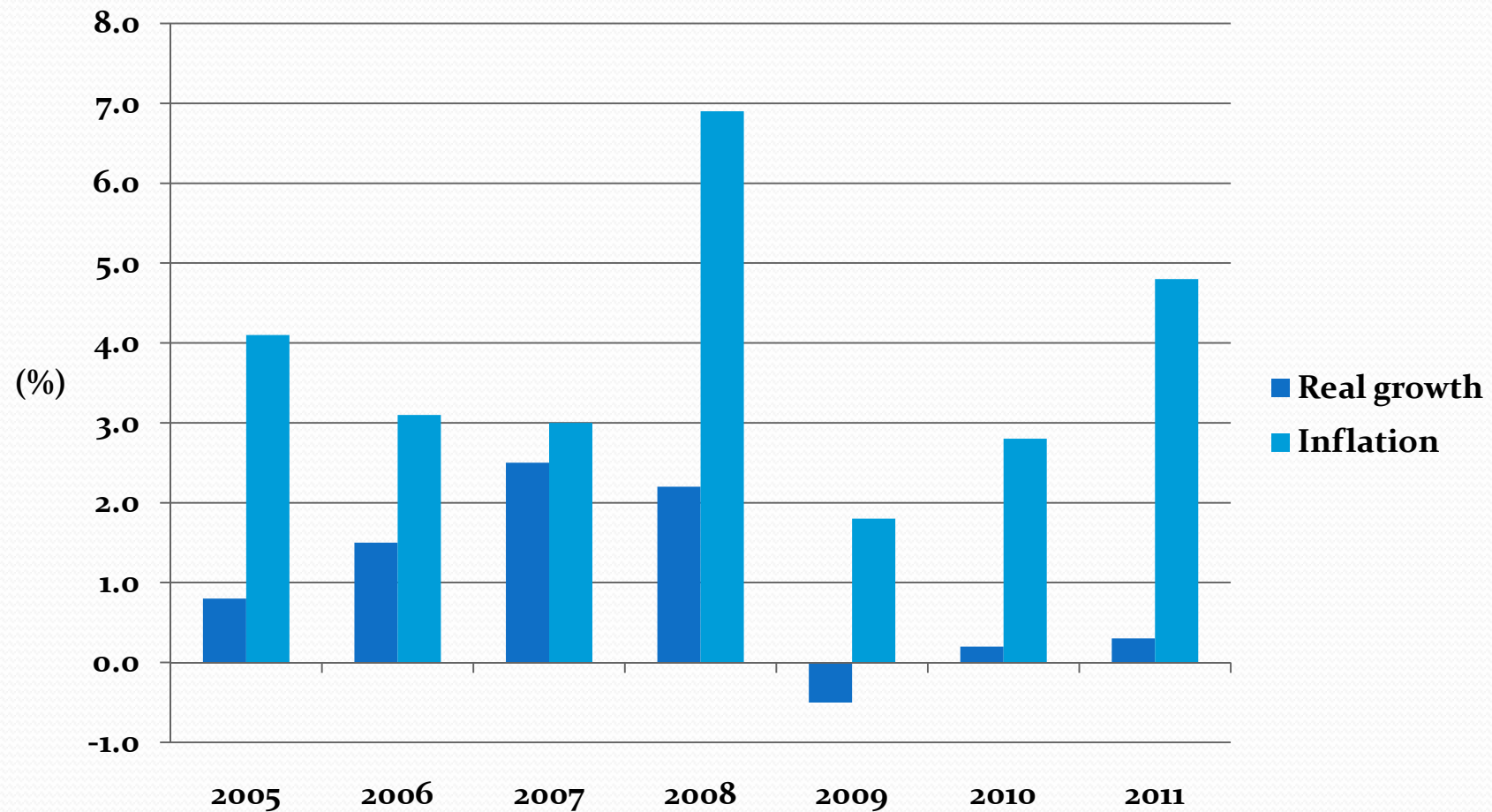
Symposium May 18, 2011  
“A regulatory framework: Making it good for everybody”



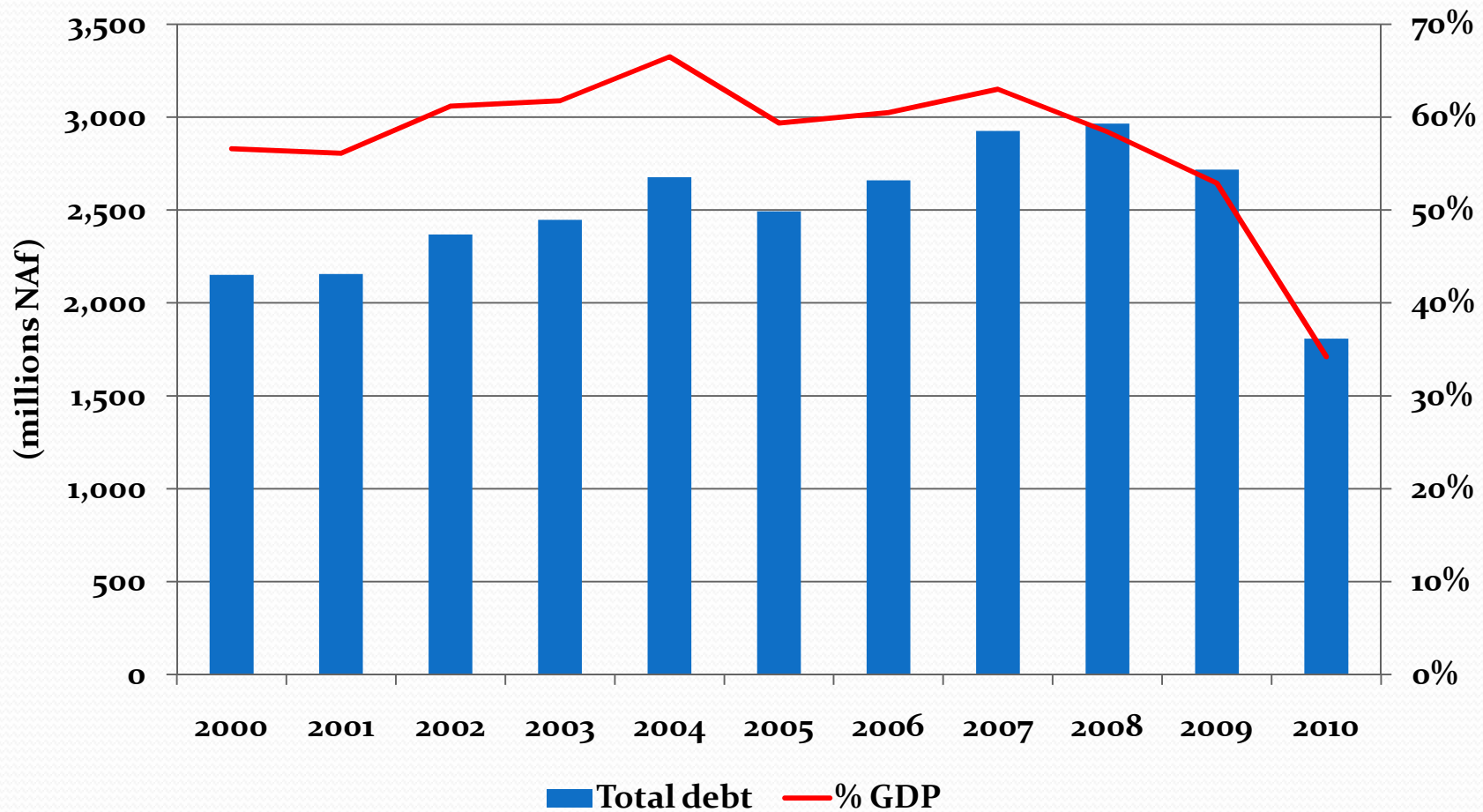
# Outline of presentation

1. Developments in the economy of Curaçao
2. Natural monopolies in the utility markets
3. Trends in the regulation of utility sectors
4. Recommendations for a regulatory framework for the utility sector of Curaçao

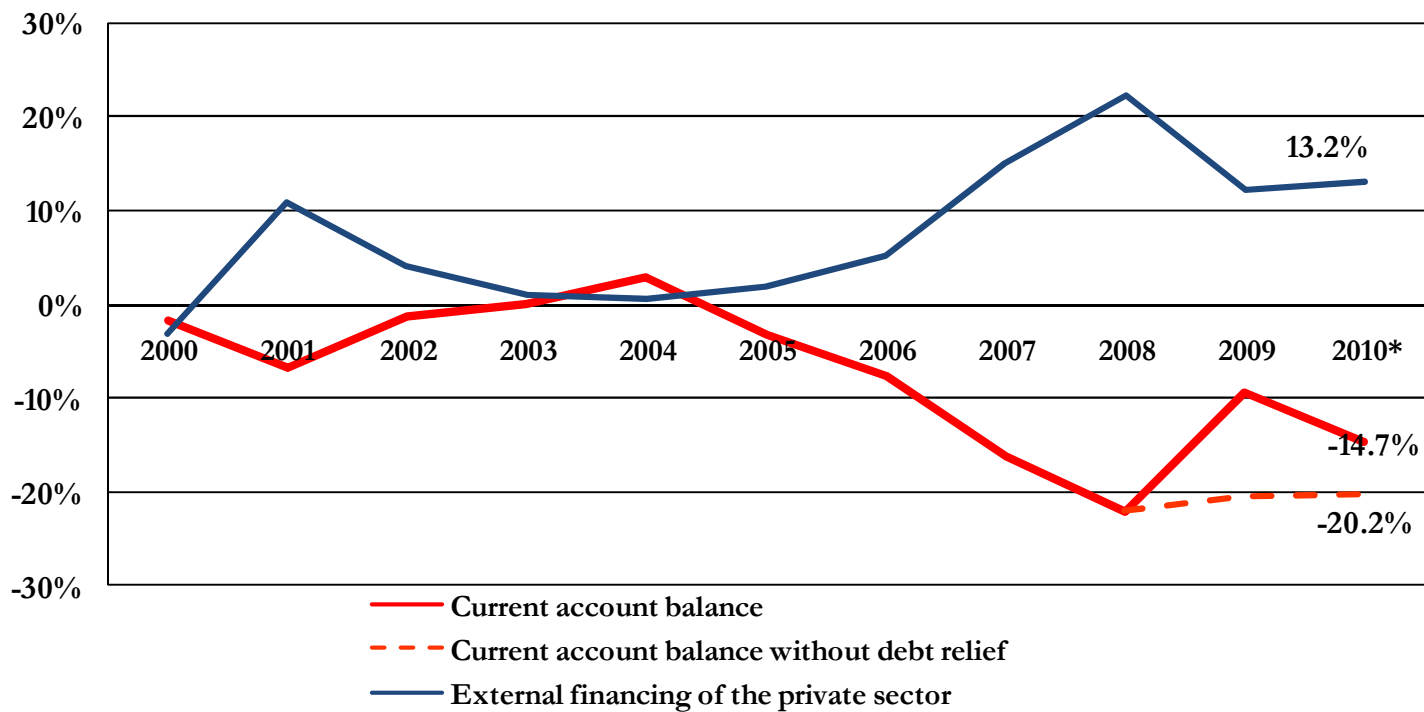
# Growth and inflation Curaçao



# Debt Curacao



# Balance of payments development (in % of GDP)





# Trends in regulation of utility sectors

## Before 1984:

- Utility sectors were state-owned monopolies
- Regulation to prevent market abuse

## 1984 – early 2000:

- Focus on increasing efficiency
- Liberalization: introduction of competition whenever possible
- Privatization: move from public ownership to private ownership
- Regulation to create level playing field



# Trends in regulation of utility sectors

## Lessons learnt:

- Challenges to ensure level playing field for all potential competitors
- Liberalization has not resulted in lower consumer prices in case monopolistic powers remain

## Hence, “re-regulation” of utility sectors:

- In case of monopoly regulation needed to prevent market abuse
- Establish and regulate structures to facilitate competition in potentially competitive sectors
- Regulation through an independent regulatory agency



## Regulation of utility sector in Curaçao

- Regulation
  - No regulation of competition, prices and consumer protection in the industry
  - Tariffs are set by the government
    - Previously advised by Department of Economic Affairs
    - Now advised by Bureau of Telecommunications and Post





## Recommendations for regulatory framework for utility sector of Curaçao

- Establish an independent regulatory board in charge of:
  - Pricing
  - Consumer protection
  - Ensuring level playing field, if applicable



## Recommendations for regulatory framework for utility sector of Curaçao

A regulatory board should be designed such as to:

- enable for earning the revenue required to meet expenses in supplying a service
- enable for the continuity in delivering a secure and reliable supply of electricity and water
- attract new capital, satisfy ability to repay loans so as to maintain the confidence of investors
- provide correct price signals: the price of electricity should be closer to the cost of supplying the service

# Comparison regulatory frameworks selected Caribbean countries

Country	Status national energy policy	Sustainable Energy plan	Regulatory Framework	Legislative Framework
Barbados	Draft energy policy developed	Being developed	Fair Trading Commission -utility regulation -Consumer protection -- fair competition	Electric & power act Utilities Regulation act Fair trading Commission act
St. Lucia	National Energy policy (approved)	Sustainable Energy plan (draft)	No independent regulator	Electricity supply act (1994)
The Bahamas	Draft policy developed	None	Public Utility committee	Public utility commission act
Grenada	Draft policy	Sustainable Energy Plan	No independent regulator	Electricity supply act.
Belize	Energy policy recommendations	None	-Public utilities commission multi-sector	Electricity act; Public utilities commission act
Dominica	Draft Energy policy	Draft Sustainable Energy Plan	-Independent regulatory commission	Electricity supply act; Geothermal Act
Curaçao	Draft: energy policy is now being developed	none	No independent regulator Currently BTP as of 2010	Unknown



**Thank you  
for your attention!**