

CAREC Members' Electricity Regulators' Forum  
First Annual Meeting  
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## **Opening Remarks**

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1. Thank you, Mr. Shao Bingren for those warm welcoming remarks. Now, on behalf of Asian Development Bank (ADB), and on behalf of ADB's Resident Mission in Beijing where I work, it is my pleasure to make these opening remarks. We are indeed delighted to be here, and very happy that SERC is co-hosting this meeting.
2. Friends, delegates, and power sector professionals, particularly as a resident of Beijing, I can say to all of you - Welcome to Beijing! And welcome to what we assume will be the first of many CMERF meetings. There is a lot to be done in the power sector of all CAREC member countries, as each strives to achieve its economic promise in terms of growth and poverty reduction. It is heartening to see so many dedicated professionals in attendance today, all committed to the cause of improved power sector in their respective country.
3. There are many people who have contributed to organizing this conference. Mr. Zhang Yuebin of the Ministry of Finance invited CAREC to hold the first CMERF meeting in Beijing. SERC has been so generous with their time, energy and hospitality as co-host. Ms. Yan Xiaolu and the Department of International Cooperation of SERC have worked tirelessly for this event. We would like to especially recognize Ms. Zhang Di for her efforts and organizational talents. Dr. Yu Yanshan, Dr. Gao Shi-ji and Ms. Wang Lifen have provided valuable support, allowing the idea of holding this conference in Beijing to become a reality.
4. We are delighted to have so many distinguished speakers amongst us. Professor Steinbuka, who chairs the Energy Regulators Regional Association - CMERF's counterpart in East and Central Europe; and Mr. Hasan – who has been supporting the South Asia Forum for Infrastructure

Regulation; - thank you for coming. We look forward to the conversations we will have with you, and the wisdom and experience you could offer us as we seek to build the network of electricity regulators. We also look forward to extensive future cooperation among CMERF, SAFIR, and ERRRA.

5. I would like to thank the sponsors of this meeting – the Public Private Infrastructure Advisory Facility (PPIAF), and the staff of World Bank office in Manila who have provided financial and administrative support and a great deal of time to this endeavor.

6. ADB has compiled a report following visits to every CAREC country. This report tells several things which make us feel extremely optimistic for the forum, and convinced of its importance. First, it tells us that power sector personnel in the region are an extremely dedicated group. We are especially impressed by the openness and clarity with which the problems faced by power sectors were discussed. We hope that CMERF will capitalize on this spirit of frankness and cooperation.

7. Second, it tells us what we all already know – that by working together, the countries of the region could dramatically minimize the cost of meeting energy demand. This requires the hard work of dedicated professionals committed to exploring every possibility for improving the welfare of their citizens. I believe that the group of people in this room possesses this commitment.

8. Third, this report tells that electricity regulators in the region face a very challenging job. Regulating a power sector is difficult at the best of times, and yet, regulation in CAREC member countries offers an even wider set of challenges. Costs of electricity provision must be covered, with or without explicit budgetary support, and regulatory rulings must generate sensible economic signals to conserve valuable national energy resources. The poor must be able to pay for vital power services while industry must not be rendered non-competitive by excessive tariffs. Regulatory rulings must therefore provide strong incentives to utilities to continue to cut costs. They must also provide comfort and the right level of predictability to investors. This is vital because as power capacity requirements in each CAREC country are set to grow rapidly in the coming years, such new capacity investments should be encouraged, but must be made at the minimum cost to the country. Given the problems with cash flows in several

CAREC member power sectors, the regulator's job has become much more challenging.

9. Now, all this sounds quite daunting, but there is room for optimism. This is because the policy makers and regulators in our member countries are working hard, and trying varied and innovative approaches to meeting these challenges. The fact that there are many success stories and even more constant incremental improvements to report, certainly bolsters our confidence. We are also heartened by the ongoing efforts on the part of policy makers in the region to strengthen the hands of their regulators. While there is always more to be done, the plans and progress in this area will have a significant impact in the years to come.

10. Finally – the wide variety of approaches and experiences to power sector development and regulation in the region tells us that CAREC regulators have much to learn from each other's successes and failures. The potential for CMERF to facilitate these learning experiences is substantial. I will therefore end these remarks with the following suggestion: Get to know each other, be curious, ask questions, and do not be satisfied until you have learned everything you think your neighbor has to teach you. At the same time, share your knowledge with them.

11. In closing let me wish you every success in establishing CMERF, in exchanging fascinating and practical ideas, and in becoming regional colleagues. While the steps that will transform and strengthen your power sector will and must be yours, ADB is here to help in any way we can. Thank you.