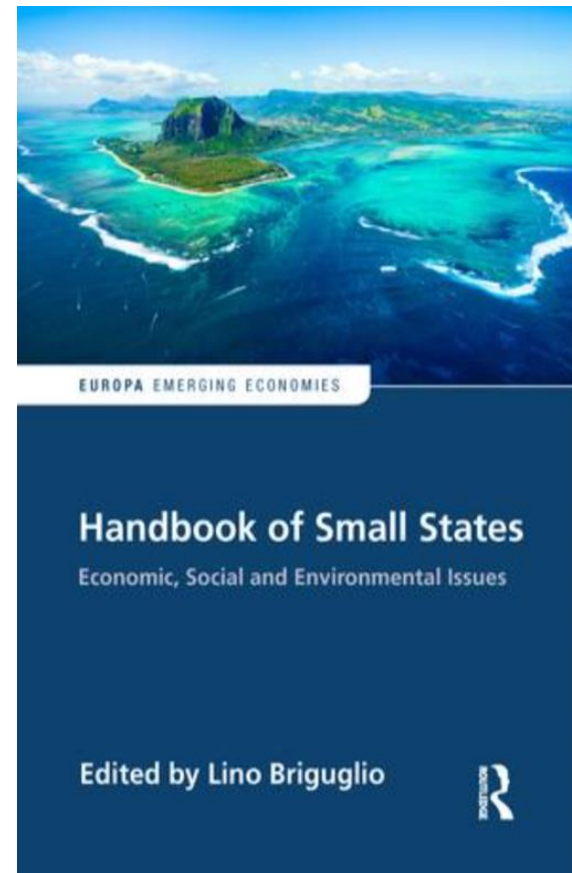


When international 'best practice' is not: Power sector reform in small island states

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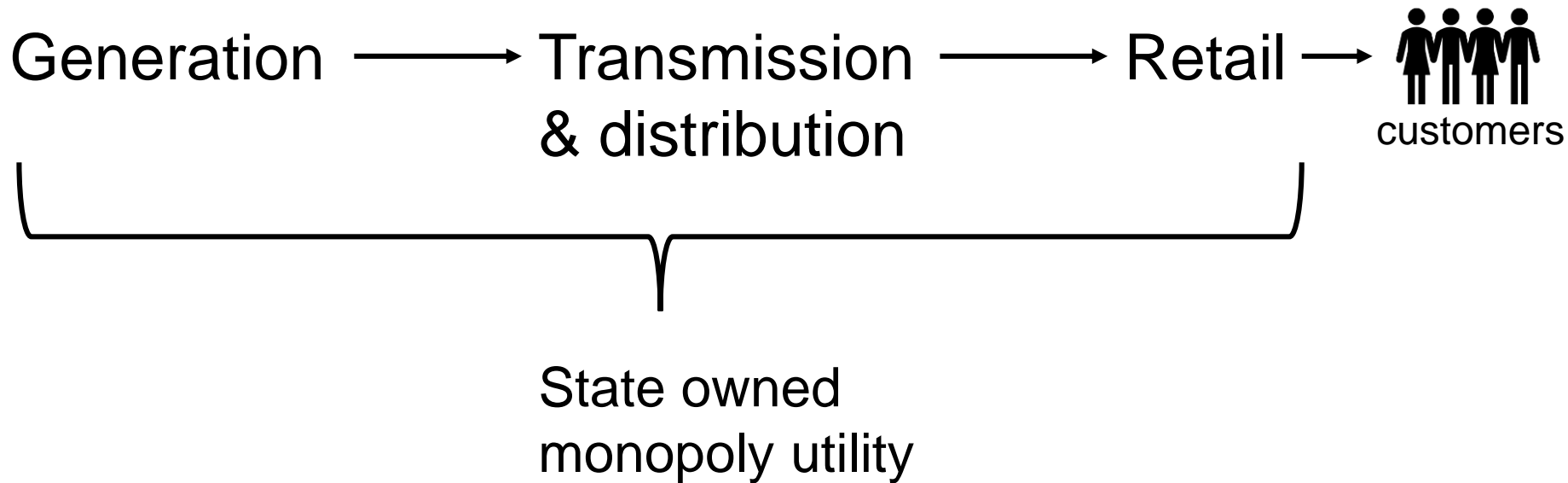


1. Power sector regulation, reform, and international experience

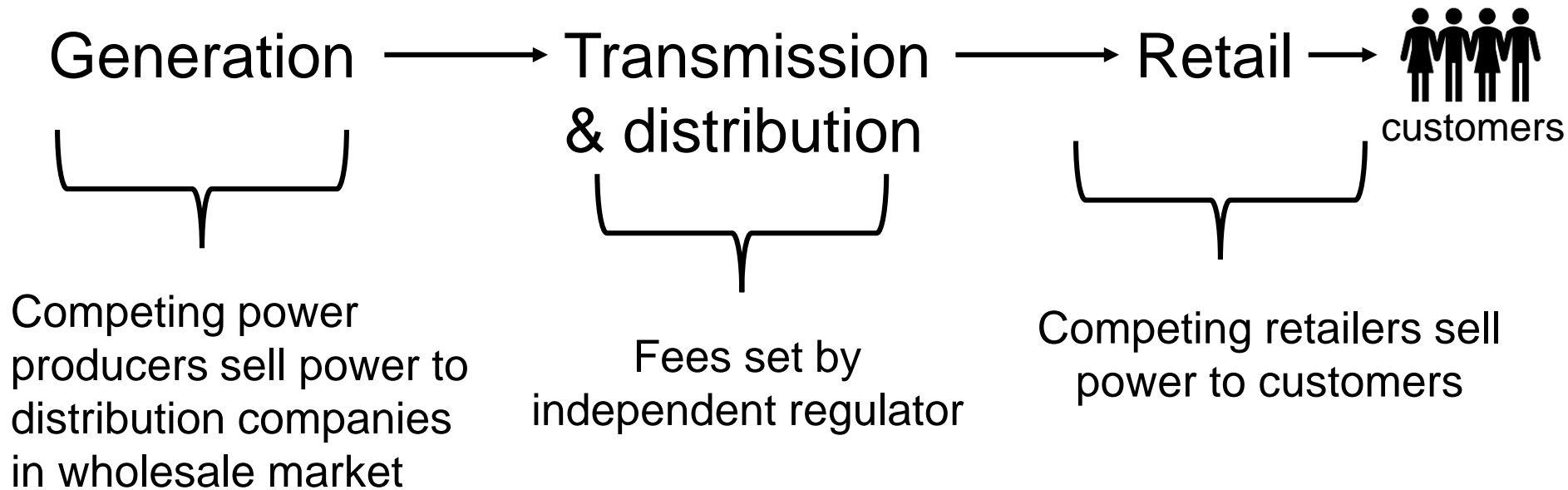
The electricity sector: functions



Vertically integrated monopoly model



Full customer choice model



“What we find in the power sector of most developing countries is a confused and contested policy space that arises from the fact that the incumbent state-owned utility remains intact and dominant, but where Independent Power Producers are also invited into the market, often with less than enthusiastic support from the incumbent.”

- Gratwick and Eberhard (2008)

Monopsony model



State owned
monopoly utility and
independent power
producers

State owned
monopoly utility



2. Power sector regulation and reform in the Pacific

Fossil fuel-based electricity production (% total)

Pacific		Caribbean		Other SIS	
American Samoa	100	Anguilla	100	Bahrain	100
Cook Islands	100	Antigua and Barbuda	100	Cape Verde	71
Fiji	53	Aruba	82	Comoros	95
Kiribati	100	Bahamas	100	Guinea-Bissau	100
Marshall Islands	100	Barbados	100	Mauritius	79
French Polynesia	78	Belize	4	Maldives	100
FSM	100	Cuba	96	Malta	96
Guam	100	Dominica	69	Reunion	75
Nauru	100	Dominican Republic	89	Sao Tome and Principe	86
New Caledonia	79	Grenada	100	Seychelles	100
Niue	100	Guyana	100	Singapore	97
Palau	87.67	Haiti	91		
Papua New Guinea	77	Jamaica	90		
Samoa	67	Martinique	100		
Solomon Islands	100	Montserrat	100		
Timor Leste	100	Puerto Rico	99		
Tonga	94	Saint Kitts and Nevis	100		
Tuvalu	99	Saint Lucia	100		
Vanuatu	86	Saint Vincent and the Grenadines	83		
		Suriname	36		
		Trinidad and Tobago	100		

“... to provide effective regulation in electricity requires not just substantial numbers of staff, it requires substantial numbers of staff with particular and scarce specialist skills e.g. economists, lawyers, accountants, financial analysts as well as engineers. These services are also needed in the regulated companies. It remains a very open question as to whether poorer and particularly small countries are able to find the necessary numbers of people with these scarce skills available to staff regulatory institutions and to run the new companies and to provide for a policy capacity in the relevant Ministries.”

- Stern (2000)



3. Addressing challenges associated with independent regulation