



**Effective Regulators, Effective Regulation:
What are the Paths to Success?
June 8, 2011**

In this session, Scott Hempling, Esq., Executive Director of the National Regulatory Research Institute in the U.S., will lead a series of discussions on how regulators and commissions can achieve excellence.¹ Topics will include:

What is regulation's mission? How do we know when we've succeeded?

Ask any five people what is the purpose of regulation, and one receives five different answers. These answers are changing over time, as Commissions, traditionally created to ensure that monopoly providers perform efficiency, are receiving new responsibilities including economic development, fuel diversity, customer behavior modification, and program management. This session will help regulators develop a clearer understanding of their purposes and roles, as well as how to measure success.

Attributes and actions of effective regulators: What personal characteristics make some regulators better than others?

Effective regulators have at least four attributes: purposefulness, education, decisiveness and independence. They know a lot, they know how to use their knowledge, and they are ready to use it. Further, some regulators "balance" and "preside;" others set standards and lead. How do these different approaches compare? This session will help detail these attributes and actions, add to the list, and share ideas on how to deploy them.

¹ Hempling is the author of monthly essays on effective regulation, covering these and many other topics. NRRI has just published a compilation of his first three years of essays, in a book entitled *Preside or Lead? The Attributes and Actions of Effective Regulators*. The book is available for sale at www.nrri.org.

“Politics” in regulation: What are its positive and negative contributions?

Politics comes in two flavors: *public interest politics* -- the need to make tradeoffs among meritorious but conflicting goals; and *private interest politics* -- the pressures from forces seeking benefits for themselves. One enhances, the other undermines, regulation's public interest mission. Understanding the distinction is essential to effective regulation. This discussion will share notes on how regulators can channel political interventions toward the common good.

“Protect the consumer” – from what?

Early regulation focused on "protecting the consumer" -- from monopolies' inefficiency, sloth and price-gouging. This approach viewed consumers as victims and innocents. But consumers are not merely captives to be protected; they are also actors to be empowered and influenced -- empowered to avoid becoming captive, and influenced to own their actions. By creating choices, by educating consumers on those choices, and by assigning consumers the consequences of their choices, regulators can improve the performance of consumers and utilities alike. This topic will address regulatory attitudes and actions that can produce these results.

“Smart grid”: A maze of missions and market structures

Smart grid advocates point to multiple benefits: operating efficiencies, system security, reduced fossil emission, enhanced customer choices, improved consumption efficiencies, better utility planning, and economic development. Who could oppose any of this? But much stickier questions remain unsettled: total cost, the pace of spending, the priorities among these missions; and, most important, market structure: who will do what, who will pay for what, who will be accountable for what. This session will address how these uncertainties pose for regulators a central question: Who's in charge?

About the Session Leader

Scott Hempling, Esq. became the Executive Director of the National Regulatory Research Institute in October 2006. Over a generation, he has taught electricity law to thousands of regulators and practitioners from all U.S. jurisdictions. Prior to October 2006, Mr. Hempling was the principal in a national law practice advising state commissions, state legislatures, municipal power systems, marketers, and independent power producers on legal issues affecting the electric industry. He has advised the state commissions of Arizona, Arkansas, Connecticut, Delaware, District of Columbia, Hawaii, Indiana, Kansas, Massachusetts, Michigan, Missouri, Nevada, New Hampshire, Ohio, Oklahoma, Rhode Island, South Carolina, and Virginia; the Organization of MISO states (14 state Commissions in the Midwest); the consumer counsels of Connecticut, Nevada, Pennsylvania, and Texas; municipal systems in Connecticut and Iowa; investor-owned utilities; independent marketers; and public interest organizations.

Mr. Hempling has testified numerous times before the U.S. Congress and the state legislatures of Arkansas, California, Maryland, Minnesota, Nevada, North Carolina, South Carolina, Vermont, and Virginia. He has published articles in *The Electricity Journal* and *Public Utilities Fortnightly*, and speaks frequently at industry conferences.

Mr. Hempling received a B.A. *cum laude* from Yale University (Economics and Political Science, Music), and a J.D. *magna cum laude* from Georgetown University Law Center. He is an adjunct professor at Georgetown University Law Center, teaching in 2011 a course entitled *Regulation of Public Utility Monopolies: Legal Principles, Administrative Procedures and Professional Practices*.

About the National Regulatory Research Institute

The National Regulatory Research Institute is an independent, nongovernmental organization that creates and democratizes the knowledge necessary to "empower utility regulators to make public interest decisions of the highest possible quality." Details are at www.nrri.org. Founded by the National Association of Regulatory Utility Commissioners and funded by state commissions, NRRI publishes research papers, conducts seminars and carries out contract assignments concerning utility regulation in the electricity, gas, water and telecommunications industries.