

Member Activities

Interview with Andrijana Nelkova-Chuchuk - Chair of the ERRA Tariff/ Pricing Committee



Andrijana Nelkova-Chuchuk is currently the Deputy Head of the Economic Department as part of the Energy Regulatory Commission (ERC) of the Republic of Macedonia. She has lived and worked in the capital city of Skopje for over 20 years. It is the city of her studies, firstly obtaining a Bachelor of Accounting and then later her Masters in Economics both from the University of Ss 'Ciril and Methodius'. Consequently, armed with these excellent qualifications it is no wonder that Andrijana works in the field of economics as applied to energy regulation. Her challenge is particularly wide as the ERC is responsible for regulating electricity, water, wastewater, natural gas, district heating and oil and the oil derivatives sector. Despite this wide spectrum of responsibilities, Andrijana still finds time for work with the ERRA as Chair of the Tariff and Pricing Committee.

Nick Carter, on behalf of the ERRA, speaks to Andrijana about her challenges and responsibilities.

NC: *I would like to start with a challenging question to you Andrijana. How do you manage to deal with so many different products from a regulatory and economic perspective and what cross-over strategies do you employ in this regard?*

ANC: It's true that ERC Macedonia has many responsibilities in regulating quite a long list of sectors and from 2016 also water services. Having in mind that the foundation of the regulatory body is based on economic theory, then such regulation is the field where economists can do their best. However, it requires a multidisciplinary approach and I can say that our joint work with engineers and lawyers is what makes the best strategy for successful work. Well organized teamwork is the answer to this challenge.

NC: *Your work for the ERC is unquestionably varied so how has the ERRA as an organisation helped to support your work areas?*

ANC: ERC Macedonia has been a full ERRA member from May 2004 and since then has been represented in the ERRA Presidium, Standing Committees, Working groups, Summer Schools, Workshops and many conferences. The variety of events that the ERRA offers gives an opportunity for member organizations to exchange experiences and learn from each other about all topics which they are facing on a daily basis.

Topics covered within ERRA are the latest in the work of regulators and at the same

time the association is giving an opportunity for learning from the most prominent professionals in the field of regulation, both on theoretical and practical field. Also, ERRA has created a Tariff Database which is a valuable source of data from all member countries. It can be used by all members; and we all take advantage of this.

NC: *I understand you have attended several ERRA training courses. Do you feel the Association is now an intrinsic part of a regulators career development?*

ANC: Quality management of human resources means investing in the knowledge of employees from which the regulators gain multiple benefits. In this sense, attendance of the ERRA Summer Schools, Training programmes and Workshops has become a standard in the process of building successful personnel in the national regulatory bodies. I have attended a number of ERRA events, which I consider an intrinsic part of my personal career development.

NC: *What subjects or issues do you see as being of the most importance to ERRA Members in the foreseeable future?*

ANC: Among many other important issues and subjects that are coming from the regulated sectors, I think the two most important ones that ERRA Members will face include; the public visibility of the work of the

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national regulators and the second one is their independence. These two issues, in my opinion are closely related to each other and need to be addressed in a systematic way.

In this sense, I see the issue of independence of the regulators from an employee's point of view. I think that the regulators will be challenged to focus on finding solutions to strengthen the positions of their employees, in order to prevent a drain of personnel in which they have invested for years.

NC: *Your employer the ERC has recently taken over the responsibility for the regulation of water. How do you feel the ERRA can assist in this new challenge?*

ANC: **Regulation of water services has become a field of work for many regulators within the ERRA. ERC Macedonia gained this authority at the beginning of 2016. Since then, we have been in a process of learning about the water services sector and preparation of the secondary legislation. We have attended ERRA Water Regulation Training seminars and ERRA Water Regulation Workshops which we consider a valuable experience.** I hope that this issue will continue to be in the focus of ERRA in the next period, and we'll use the opportunity of the assistance that ERRA is giving to member organizations. Establishing a Working group for water regulation can be one way for continuous cooperation among water regulators within ERRA.

NC: *From your own perspective, do you feel that regulators should start to factor in renewable energy targets as support mechanisms in the structuring of tariffs or is this something that should be dealt with as changes happen?*

ANC: Renewable energy targets as support mechanisms in the structuring of tariffs are different from country to country. The Macedonian experience at the moment is that ERC Macedonia is licensing the producers from renewable energy sources, granting the privileged producer status and keeping the Registry of Privileged Producers, while the Government is setting the quotas and the feed-in tariffs of renewables.

Since the end users prices are influenced by these mechanisms, I think that the regulators should participate in setting the renewable energy targets.

NC: *What are your greatest challenges in your work environment at the moment and are they general regulatory challenges or specific to your organisation?*

ANC: At the moment, there are two big challenges for ERC Macedonia. The first is the water services regulation, adoption of the bylaws and setting the first regulated tariffs, starting from 2018. The second challenge that other ERRA countries, which are also part of the Energy Community, are facing, is transposition of the Third Energy Package of EU Directives and Regulations into domestic legislation, aiming for integration into regional and EU internal energy markets.

NC: *Please tell me about your Twinning Project under the Ad Hoc ERRA member projects framework. I understand this involved your organisation (ERC) working with the Energy Market Regulatory Authority of Turkey?*

ANC: ERC Macedonia and EMRA Turkey were approved a Twinning Project in the framework of ERRA Member-to Member project. We exchanged experiences, learned from each other about good regulatory practices and focused on specific issues that were of highest importance at that moment for the two institutions.

For us, it was a unique opportunity to have this project with the experienced professionals that EMRA Turkey has and we are happy that we learned a lot about their institution and the energy markets in Turkey.

These kinds of projects are an excellent opportunity to enhance member-to-member collaboration and to develop regulatory capacities of individual regulators. Therefore, I strongly recommend ERRA members to apply for this type of project.

NC: *ERRA Committees are a great way of helping energy regulators from different countries, but what other lessons would you like to share with us, especially as you are Chair of the Tariff and Pricing Committee.*

ANC: It's a real pleasure to work together with other members of the Tariff and Pricing Committee which

are all experienced professionals in their own institutions. **Participation on meetings of the Committee is an opportunity that brings not only knowledge, but also good friendships. Apart from building personal and professional capacities it also offers lessons of different cultures, customs and habits.**

NC: How has being Chair of the Tariff and Pricing Committee helped in the delivery of your duties in the ERC?

ANC: I was elected as Chair of the Committee in October 2016 and since that first Committee meeting as Chair, I've had the opportunity to help the ERRA Secretariat in organizing the Joint Virtual meeting of the Tariff/ Pricing and Licensing/ Competition Committees. Being a Chair of a Committee is an incentive for my further professional development and I think that it will also help me advance my organizational skills.

NC: Overall, the ERRA is a perfect example of an organisation that reaches out to other global regions. How do you see the Association developing over time?

ANC: Since its establishment, the ERRA as an association has grown in many ways; the number of member organizations, events and the most importantly, **the quality of output is growing year by year. Having members from different regions is an advantage for the Association and I think that it will bring new perspectives from which we will all benefit. In the future I see the ERRA as a big family of regulatory bodies reaching towards our common goals.**



Interview was made by Nick Carter

Nick Carter is a Director with Baringa Partners LLP, a highly knowledgeable management consultancy with a large energy practice based in London and more recently Abu Dhabi, UAE where Nick is based. He has lived in the Middle East for nearly 20 years and was part of the water and power restructuring team which brought a large degree of privatisation to the Abu Dhabi utilities Sector. He has served as the MD of Abu Dhabi distribution company and his last Government post was that of Director General for regulation. He was educated at University College London and is a Fellow of the Institution of Engineering Technology.