

Training Courses

Learning from Peter Kaderjak



Dr Peter Kaderjak is a person who knows a great deal about the subject of energy regulation, as not only has he practiced regulation in a variety of forms, but researches and teaches it as well. Peter is currently the Director of the Regional Centre for Energy Policy Research (REKK) based in Hungary at the Corvinus University of Budapest. He has a PhD in Management and Business and an MSc in Economics also from the same University. However, in between his graduation and return he held the office of Chief of Cabinet of the Ministry of Economic Affairs for the Government of Hungary and following this he served as the President of the Hungarian Energy Office as the national regulator. His involvement with the ERRA goes back to this period when he was made the first Chairman of the Association. His work continues to this day with the ERRA where he oversees a wide range of the in-house energy regulatory training programmes.

Nick Carter seeks to learn from Peter on behalf of the ERRA.

NC: Peter, I would like to start our discussions on how you helped shape the ERRA in the past, especially as you were its first Chairman. Consequently, looking back how do you feel the Association has developed and what are the great success stories you take from this development?

PK: The primary objective of the ERRA in 2000, was the promotion of the exchange of knowledge regarding good energy sector regulatory practices among its members who initially were countries from the former Soviet bloc. Their main concerns were transforming their sectors to being more market oriented and competitive. My own home country, Hungary was preparing for energy sector liberalization and determining the role that regulators had to play in the transformation process such as, price and tariff reforms, company unbundling, licensing and market rule preparations.

Overall, ERRA members were struggling with the tremendous task of creating secure, financially and environmentally sustainable energy sectors so we provided several ways to promote the needed exchange of regulatory knowledge, including thematic committee meetings, workshops, a regular annual investment conference and in-house training for member regulatory authorities' staff. I am proud that this happened under my presidency and due partly to my personal initiative that the Presidium and the General Assembly of ERRA concluded in 2002 that **training should be a central product the Association provides to its members.**

Today, the ERRA has grown from 12 to 30 full members with 7 associate members, including energy regulators from Central and South Eastern Europe, CIS countries, Africa and the Middle East. Over the last 15 years, more than 2,000 key personnel, including Commissioners of

regulatory authorities have completed different ERRA courses. Consequently, **the Association has helped create a common understanding of principal regulatory issues across the geographic region it covers.**

In addition, training activities are now available for non-ERRA member regulatory staff as well so **the Association can claim to be a leading hub of regulatory knowledge for emerging economies from around the world.** I consider this development as the single most important success of the Association.

NC: Your work continues with the ERRA, especially in the field of short-course training so where do you see training focusing on in the future?

PK: Beyond keeping and further improving our training programmes on core regulatory tasks related to tariff and price, electricity and gas sector regulation, we should develop new training products reflecting on the regulatory challenges posed by the ongoing low carbon transition of the energy sector. Regulatory challenges to assist with the integration of renewables, improving the flexibility of the electricity markets and promoting innovation should be increased and better use made of online training techniques in the future.

NC: During your time as Training Director for the ERRA what feedback have you received in terms of the influence or impact on the way past students have benefited from attending ERRA training courses.

PK: Participants' on-site course evaluations are very positive and convincing. Training tends to help both

the performance of the individual plus the organisation they work for and the amount of positive feedback I receive from my fellow regulatory colleagues (I still consider myself to be part of the community) is very encouraging and is the most important reward for my ERRA training directorship.

NC: *In a linked question regarding training courses, what are your views about perhaps expanding them to be part of a modular system which might count towards some form of academic qualification?*

PK: I am highly supportive of this idea and have been promoting such a strategy whereby an upgrade of the training programme in conjunction with an appropriate academic institution could be highly beneficial. I am convinced that the possibility to, for example, earn MBA credits by successfully completing our courses could improve their attractiveness. I hope one day this proposal will succeed.

NC: *I assume there is a degree of cross over between your work for the ERRA and the Regional Centre for Energy Policy Research (REKK), so what are the key lessons in terms of academic study interacting with practical regulation?*

PK: The lessons I have learned both as a practicing regulator and a training director is the same in this regard, they perfectly interact. Theory without practice is useless for practicing regulators. Practical examples or “case studies” without sound theory behind regulatory action teaches nothing useful. **I always enjoy that ‘awakening’ moment, when our attendees suddenly make the link between theory and practice or the why and the how.**

In addition, my colleagues from REKK have developed several interactive games and exercises which allow the participants to learn how the theories and laws underlying the regulatory environment affect daily regulatory practice. For example, how incentive schemes will lead to cost efficiency improvements in regulated monopolies.

NC: *It is clear that energy regulation is at the centre of your working life and your involvement from a training and academic research perspective is highly respected, so in your view, what are the key enablers that promote successful utility regulation?*

PK: **The most important factor in successful utility regulation is the human quality of the**

regulator: their dedication to the public interest; being incorruptible and being able to resist political and business pressures. Training helps to reinforce these qualities by demonstrating the importance of sound argument and transparency. It provides substance to regulators when they need to defend a certain position.

NC: *The activities of the ERRA have expanded into the regulation of water and district heating so far. Do you feel they should encompass the regulation of other utilities such as gas or perhaps district cooling?*

PK: Gas sector regulation is already covered by a popular course. District heating and cooling are important energy sector activities with the involvement of our regulators for some of the ERRA members. Some specialized workshops could serve as pilots to test whether there is sufficient demand out there for such training courses.

NC: *I know from your work with ALTEO Zr.t, which is a renewable energy company based in Hungary, that you recognise the importance of clean energy generation so do you see the COP21 Paris Agreement as having an impact on regulatory practices in the world?*

PK: Definitely and despite the partial resistance I feel from some in the regulatory community against dealing with this subject, regulators will need to become more involved with renewables, energy efficiency, Co2 markets, innovative technologies and innovative regulatory solutions in the future.

NC: *In addition, should regulatory bodies be more forceful in seeking to encourage various COP21 goals, especially when their individual governments have signed up to a range of nationally declared targets?*

PK: Regulatory bodies are well placed to get additional tasks and powers in this regard. However, legislators should not forget about providing additional financial support to help in this regard.

NC: *We both work in the power sector and are aware of the major changes that this sector will face in the coming years. How do you see the ERRA helping to support such changes, for example the introduction of electric vehicles or far more embedded generation?*

PK: Sector transition including de-carbonisation, renewables, innovative technologies and related

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regulatory innovations are already on the ERRA agenda. Last year the Association organized a separate “innovation conference” on these issues and many of the above topics are now standard elements of ERRA investment conferences. In this regard, we already organise courses on renewable energy and energy efficiency and I expect this trend will get stronger in the future.

PK: The Association has just recently commissioned a study on successful demand response programmes. While it is beyond the reach of ERRA to teach customers to use already available options to optimize their energy use, the **ERRA could look to promote customer oriented thinking within the regulatory community in the future.**

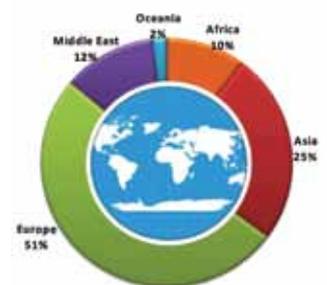
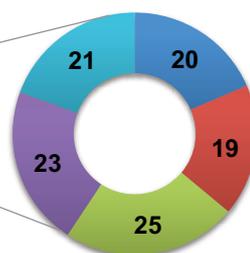
NC: Often, we tend to think in terms of how a sector meets the growing needs of its customers. However, looked at another way, how do you see regulation promoting a per capita reduction of utility consumption in the future and is there a role for the ERRA in promoting the concept of optimised consumption?



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.

ERRA Training Statistics



- 4th Training Course: Renewable Energy Regulation
- 2nd Training Course: Introduction to Water Utility Regulation
- 14th Summer School: Introduction to Energy Regulation
- 1st Educational Workshop on European Network Codes
- 5th Training Course: Principles of Natural Gas Market Regulation

ERRA Certified Energy Regulatory Programme (CER) acknowledges those ERRA training participants who have successfully participated in minimum 3 training programs within 3 years organized by ERRA.

The total number of CER diploms issued until December 2016: 29.

