

BILL No. 1 of 2002

Monday 11th March, 2002

PARLIAMENT OFFICE
Public Buildings,
Georgetown,
Guyana.

The following Bill which will be introduced in the National Assembly is published for general information.

F. A. Narain,
Clerk of the National Assembly



GUYANA

BILL No. 1 of 2002

ENERGY SECTOR (HARMONISATION OF LAWS) BILL 2002

ARRANGEMENT OF SECTIONS

Section

PART I

PRELIMINARY

1. Short title and commencement.
2. Interpretation.

PART II

HARMONISATION OF LAWS

3. Amendment of section 6(3) of the Hydro-Electric Power Act.
4. Amendment of the Guyana Energy Agency Act 1997.
5. Construction of references in the Guyana Energy Agency Act 1997 to the Electricity Sector Reform Act 1997.

**A BILL
Intituled**

AN ACT to harmonise laws governing regulatory functions in the restructured electricity and energy sectors.

A.D.2002 Enacted by the Parliament of Guyana:-

PART I

PRELIMINARY

Short title and commencement. 1. This Act may be cited as the Energy Sector (Harmonisation of Laws) Act 2002 and shall come into operation on such date as the Minister shall appoint by order.

Interpretation. 2. In this Act -

No. 10 of 1999 (a) "Commission" has the same meaning as in section 3 of the Public Utilities Commission Act 1999;

No. 11 of 1999 (b) "governing body" and "public supplier" have the same meanings as in section 2 of the Electricity Sector Reform Act 1999.

PART II

HARMONISATION OF LAWS

Amendment of section 6(3) of the Hydro-Electric Power Act. Cap. 56:03 3. Section 6(3) of the Hydro-Electric Power Act is hereby amended in the following respects -

- (a) by the substitution for the word "shall" in the subsection above the proviso, of the word "may" and by the substitution, for the full stop at the end of the proviso, of a colon; and
- (b) by the insertion, immediately thereafter, of the following further proviso:

"Provided further that, prior to granting a final licence to a public undertaking, the Minister shall be satisfied -

- (a) that the governing bodies of both the public undertaking and any public supplier to which the public undertaking proposes to sell electricity for transmission and distribution to consumers have approved the terms and conditions upon which such electricity shall be purchased by the public supplier, and such terms and conditions insofar as they relate to rates have further been approved by the Commission in the exercise of its authority under section 35(1) of the Public Utilities Commission Act 1999; and
- (b) that the terms and conditions so approved are commercially prudent and viable, shall not adversely affect and shall enhance the system-wide capacity, reliability and efficiency of the public supplier, and are compatible with national energy policy."

No. 10 of 1999

4. The Guyana Energy Agency Act 1997 is hereby amended in the following respects -

Amendment of the
Guyana Energy
Agency Act.
No. 31 of 1997

- (a) by the deletion of section 5(3);
- (b) by the substitution for section 7(1) of the following subsection -

Cap. 56:03

“(1) The functions conferred on the President by the Hydro-Electric Power Act and the regulations made thereunder shall, with effect from the commencement of this Act, be exercised by the Minister, and the provisions of that Act relating to the functions of the President shall be read and construed and have effect as if references therein to the President were references to the Minister.”

(c) by the substitution for the words “The Agency” in section 10(1), of the words “In the performance of its specified functions under sections 5, 6 and 8, the Agency.”

Construction of references in the Guyana Energy Agency Act 1997 to the Electricity Sector Reform Act 1997.
No. 31 of 1997
No. 30 of 1997
No. 11 of 1999

5. Any reference in the Guyana Energy Agency Act, 1997 to the Electricity Sector Reform Act 1997 shall be read and construed as a reference to the Electricity Sector Reform Act 1999.

EXPLANATORY MEMORANDUM

This Bill seeks to harmonise the various laws governing the regulation of the electricity and energy sectors, so that the standards and authority for the issuance and enforcement of licences for the generation of electricity under the Hydro-Electric Power Act, Cap. 56:03 (“HEPA”) are coordinated with the standards and authority for those functions under the Electricity Sector Reform Act 1999 (“ESRA”). The Bill also seeks to clarify the role of the Guyana Energy Agency (the “GEA”) in advising and assisting the responsible Minister in setting national policy for the energy and electricity sectors.

Clause 3 of the Bill amends section 6(3) of the HEPA to make it discretionary, rather than mandatory, for the Minister to include, in a licence, the rate(s) at which hydro-power may be sold to a public supplier. This amendment acknowledges that there may be instances in which rate(s) would not be included in a hydro-power licence, but rather would be set on a periodic basis by the Public Utilities Commission ("PUC"). Clause 3 of the Bill also adds a new proviso to section 6(3) of the HEPA that parallels the standards for the issuance of licences to independent power projects under section 4 of the ESRA 1999. Among other standards, the provision requires that, prior to the issuance of a final licence, the rate at which power will be sold by an independent power producer (hydro-power or otherwise) to a public supplier be approved by the PUC.

Clause 4 of the Bill amends the Guyana Energy Agency Act 1997 ("GEAA") to delete sub-section 5(3) of the GEAA, which empowered the GEA to establish and operate commercial, energy-related companies. The purpose of this amendment is to remove a provision from the GEAA that is inconsistent with the GEA's role in setting national energy policy and, thus, make the GEAA consistent with the Government's overall policy objective of encouraging commercial operation of the energy and electricity sectors by the private sector and preserving the Government's role as a regulator and policy-maker.

Clause 4 of the Bill further amends section 7(1) of the GEAA to vest authority for granting, modifying and revoking licences for hydro-electric power projects in the Minister, rather than the GEA. The amendment thus harmonises the Minister's authority over those functions under the HEPA with his functions under the ESRA. The GEA will continue to serve as a key advisory agency to the Minister for the granting, monitoring and enforcement of licences under both the HEPA and the ESRA and the primary administrative agency for licences for hydro-electric power projects under the HEPA.

Clause 4 of the Bill also adds words to section 10(1) of the GEAA that are intended to clarify the purpose for which the GEA may request information from energy-sector participants and, thus, avoid duplicative requests for information from the various Ministries and independent agencies (i.e. the PUC and the GEA) that regulate the energy and electricity sectors.

Samuel A. Hinds
Prime Minister and Minister
Responsible for the Electricity Sector.