

Benchmarking Regulation in Montenegro

Tirana 2022



Energy and Water
Regulatory Agency of
Montenegro

Benchmarking regulation in Montenegro

I

Importance of data collection and analysis

II

Benchmarking - Initial steps

III

Development of Rulebook on Benchmarking

IV

Annual reporting

V

The Benchmarking Process

VI

Future activities and Conclusions

I

Importance of data collection and analysis

1

Benchmarking is one of the most efficient and simplest method for achieving the best business practices;

2

Benchmarking simulates market conditions;

3

Benchmarking is important for water utilities, entities that supervise their work - municipalities, as well as for decision makers in the sector;

4

Benchmarking is useless if there is no regularly submission of quality data

5

First bylaw of the Agency – The Rulebook on Benchmarking

6

Mechanism that provide an opportunity to the Agency for continuously obtain data from operators, creates a base for developing a policy of economic regulation of the water sector in Montenegro



1

The Law on Utility Services in 2016

2

Regulated utility services: water supply and urban wastewater management

3

For the first time a regulatory body is introduced in this area - Energy Regulatory Agency / Energy and Water Regulatory Agency

4

Water Services Department – July 2017

5

The Agency's first task - review the state in the water sector and create a regulatory framework for the implementation of competencies from the Law

6

Some operators do not have precise basic data, such as data on the abstracted water, the billed water, the length of the water supply and sewerage network, failures, interruptions, customer complaints, etc.

One of the competencies of the Agency is the comparison of operators performance indicators - mandatory benchmarking

Goals:

- creating of a database;
- comparison of performance indicators;
- review of sustainability and quality of services;
- identification of segments necessary to be improved service provision / conditions for performing buissnies.

1

The Agency cooperated with benchmarking experts and had consultations with operators (round tables and public debate) in order to design a benchmarking concept and develop rulebook, benchmarking excel tool for data collection and benchmarking excel tool for data processing (2017 and the first half of 2018).

2

Defining indicators and formulas for their calculation - experience and knowledge of external experts, documentation and database of the World Bank (INBET) and other regulators benchmarking experience.

3

Poor availability and quality of data -> evaluation of data reliability -> motivates operators to improve the quality of their data

4

Evaluation of indicators and determination of indices

- Rulebook on Benchmarking (October 2018) / Amends on Rulebook on Benchmarking (December 2021)
- active role of operators - requires time to accept new tasks
- training of operators to submit data to the Agency in an appropriate manner and appointment of benchmarking coordinators
- concept of the Agency - frequent communication between the Agency and operators, through benchmarking coordinators
- operators receive daily answers to all questions related to the collection of benchmarking data
- operators had support of a local World Bank consultant in the process of benchmarking data collecting

The first Benchmarking annual report in October 2019 data for 2015, 2016, 2017 and 2018

"Data collecting was not easy process for the operators themselves, nor for the Agency. A certain number of operators did not keep records of the requested data, and it took time for them to get used to the existence of a new entity in their business with the role of a regulator. On the other hand, the special challenges of the Agency were reflected in the creation of habits among operators to respond to the obligations prescribed by the Rulebook on Benchmarking - the requests of the Agency, as well as the control of the submitted data."

Groups of data:

- water supply (103)
- collection and disposal of urban wastewater (69)
- wastewater treatment (56)
- other services (28)
- total data – all services (36)

Monthly recording and quarterly submission

The reliability evaluation:

- 1 if the data is reliable
- 2 if it is unreliable

Benchmarking process

Monthly data collecting



Quarterly submitting



April 15th final submission for previous year



Data verification and reliability



Annual Benchmarking Report - October

Key Performance Indicators

Water supply

Water Supply Continuity
Water Quality
Water Supply Coverage
Non-revenue Water
Water Meters Coverage
Breakdowns per km of Water Supply Network

Collection and disposal of urban wastewater

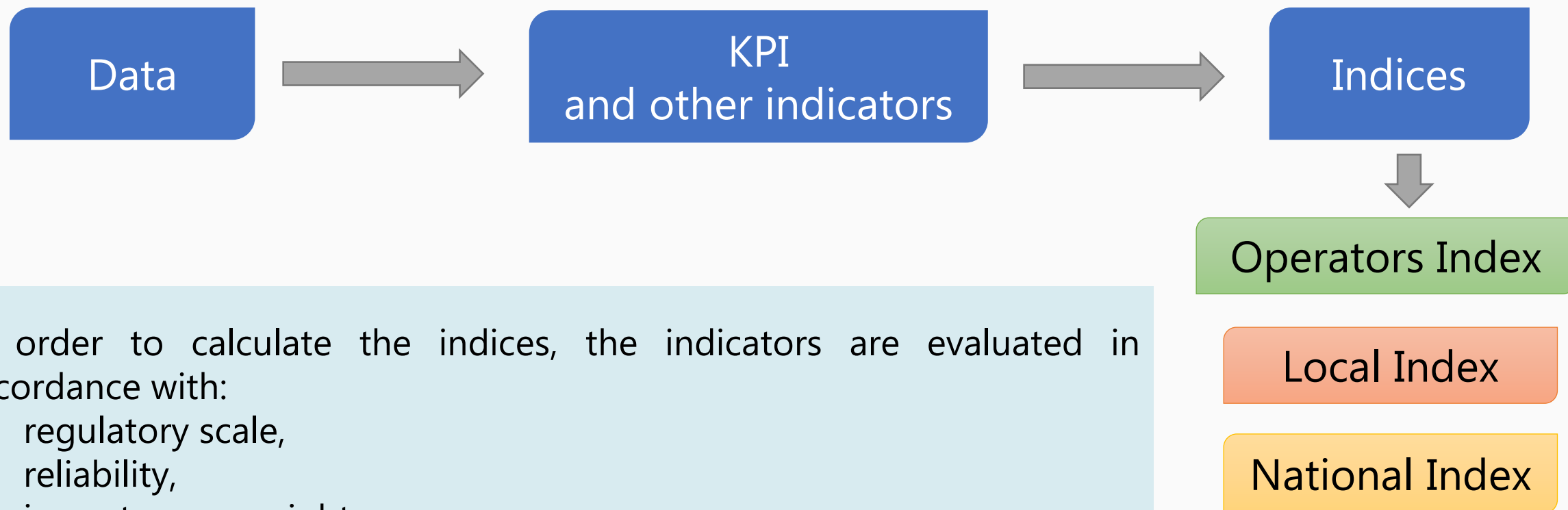
Sewerage Coverage
Sewage Connection to Wastewater Treatment Plant
Number of Blockages per km of Sewerage Network
Length of Inspected Sewerage Network

Wastewater Treatment

Wastewater Quality Compliance with Discharge Requirements
Ratio of Secondary Treatment of Urban Waste Waters
Wastewater Treatment Coverage

Total – all services

Collection Efficiency – Collection Ratio
Staff
Operation Cost Coverage
Number of Complaints per 1000 Customers



In order to calculate the indices, the indicators are evaluated in accordance with:

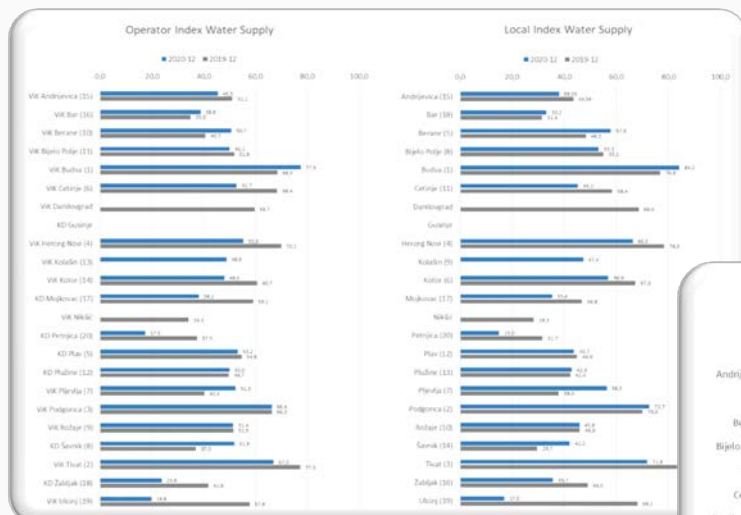
- 1) regulatory scale,
- 2) reliability,
- 3) importance - weight.

KPI – WATER SUPPLY						
Key Indicators	Water Supply Continuity (%)	Water Quality (%)	Non-revenue Water (%)	Breakdowns per km of Water Supply Network (faults/100 km)	Water Meters Coverage (%)	Water Supply Coverage (%)
Key Indicator Code	Iv11	Iv27	Iv13	Iv20	Iv26	Iv1
Key Indicator Value	100,00	99,18	58,55	2,46	99,74	97,19
Upper reg. border	100	100	20	2	100	100
Lower reg. border	80	70	80	8	50	50
Evaluation according to the regulatory scale	100,00	97,26	35,75	92,27	99,47	94,38
Reliability evaluation	1	1	4	2	1	1
Valued key indicator (scale and rating)	100,00	97,26	8,94	46,13	99,47	94,38
Weight factor - operator	0,30	0,30	0,20	0,10	0,10	-
Weight factor - local	0,25	0,25	0,10	0,10	0,10	0,20

Operator Index
75,52

Local Index
83,64

Water Supply



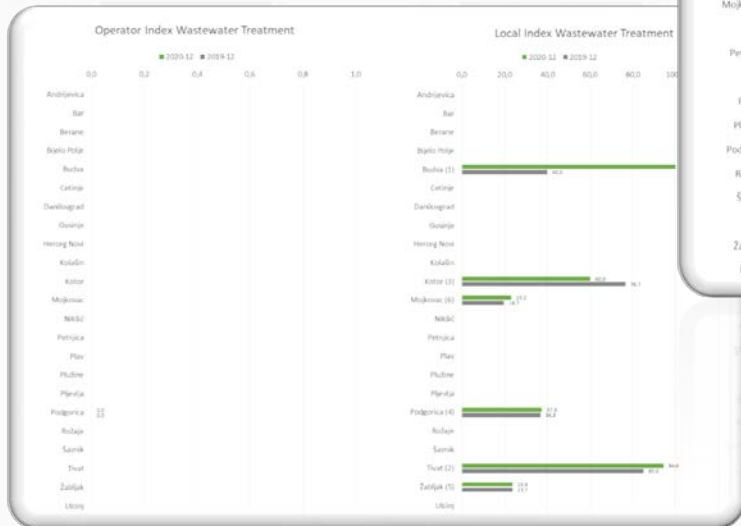
National Index



Urban Wastewater Collection and Discharge

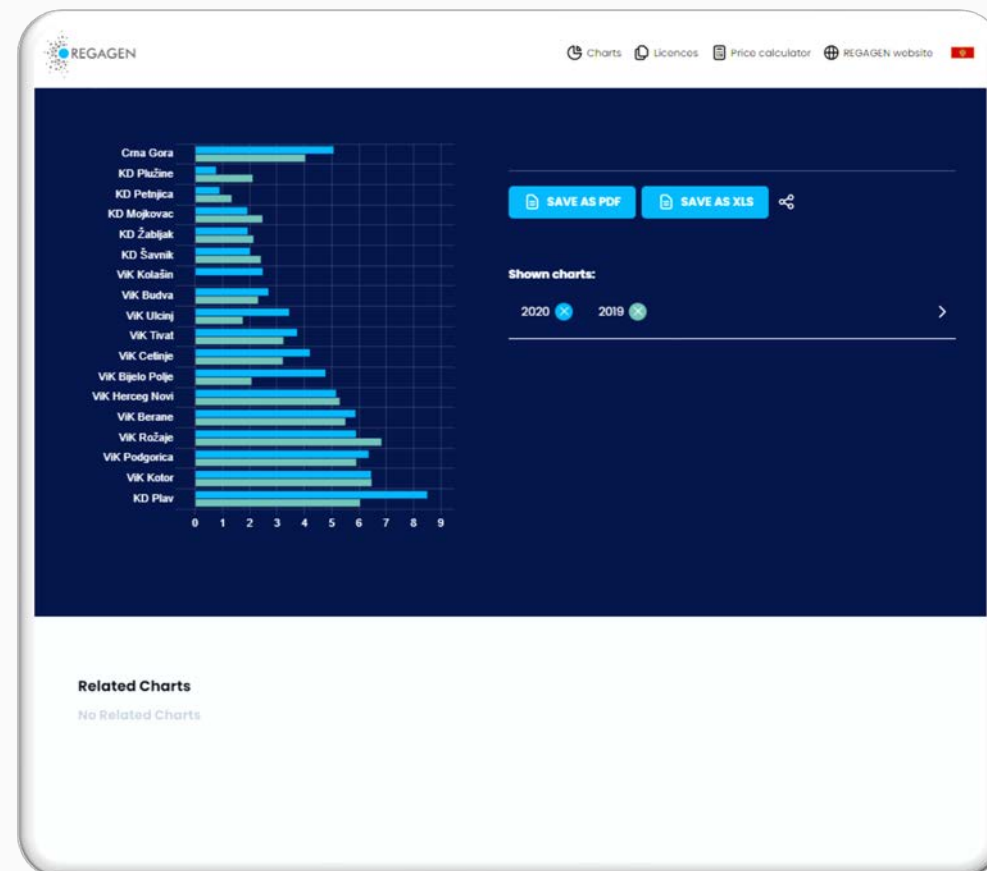
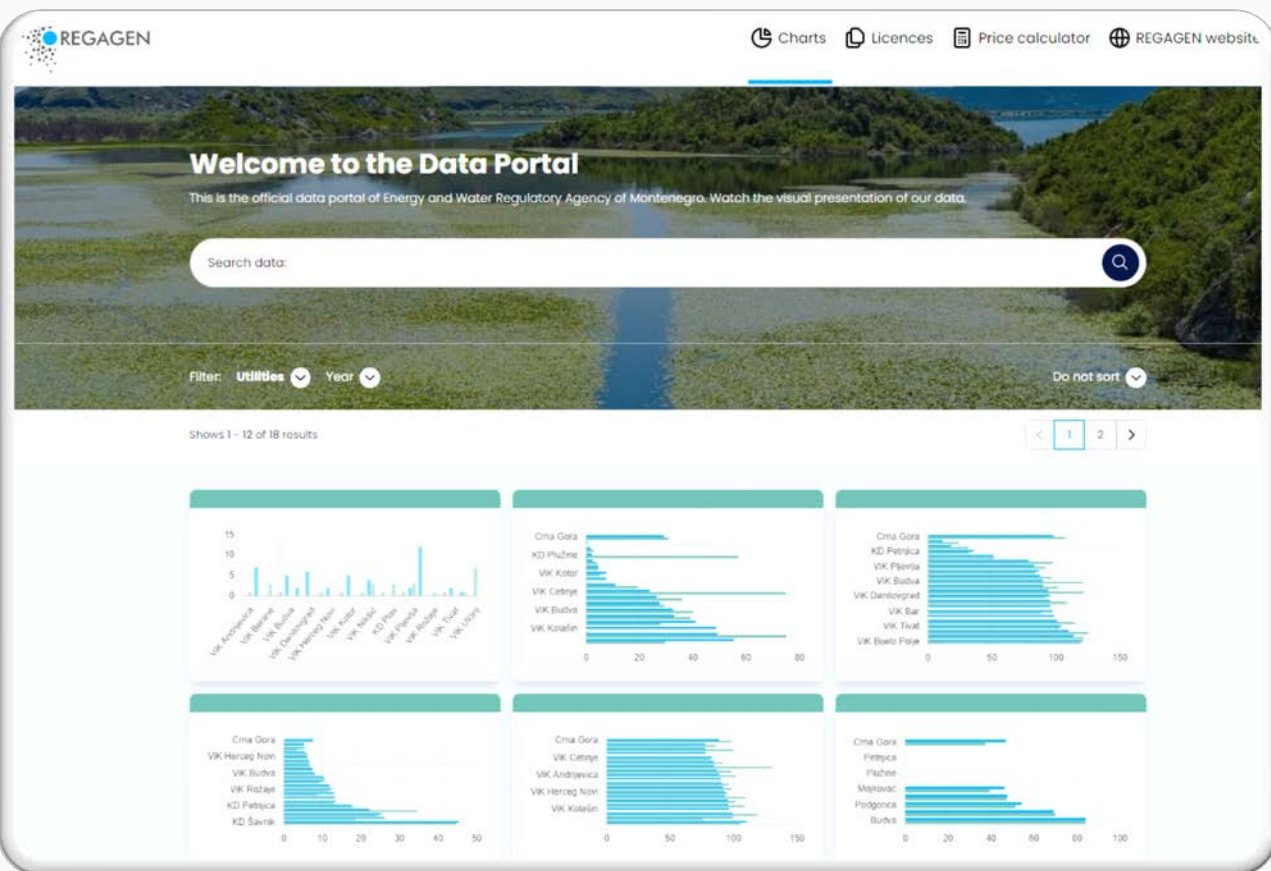


Wastewater Treatment



Total - All Services





- increase the number of indicators related to wastewater;
- "on-site" monitoring and data reliability evaluation by Agency;
- online benchmarking platform;
- sharing experiences and harmonizing KPIs with WAREG members;
- plan for reduction of non-revenue water, ILI indicator;
- efficiency factors in setting tariffs.

Poor Data Quality -> Accurate sum of inaccurate data!

Thank you!

E-mail:

milos.petrovic@regagen.co.me



Energy and Water Regulatory Agency of Montenegro

regagen@t-com.me

www.regagen.co.me