



Electricity Regulatory Authority  
Ministry of Energy and Natural Resources

# STRATEGIC PLAN 2024-2029



June 2024



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# Message from the Chairperson

I am pleased to announce the unveiling of the Strategic Plan for the Electricity Regulatory Authority (ERA). This marks a significant milestone in our journey towards a sustainable and resilient energy future for our nation, as we recognize the indispensable role of electricity in powering every aspect of our lives, from our homes to our industries. With this understanding comes a profound responsibility to navigate the currents of change, steering our energy sector towards greater efficiency, innovation, and resilience.

Our Strategic Plan reflects our collective Vision for Bhutan's energy landscape. Crafted through extensive analysis, collaboration, and foresight, it delineates strategic priorities that will shape our endeavors over the next five years. At its core, we are committed to achieving regulatory framework excellence. We understand that a robust regulatory framework is essential for a thriving energy sector. By prioritizing transparency, streamlining processes, and fostering continuous improvement, we aim to create an environment that not only encourages innovation but also attracts investment, ultimately benefiting all Bhutanese citizens.

Moreover, we are dedicated to enhance the regulatory service to ensure the seamless delivery of electricity services. Through strategic investments in infrastructure, adoption of advanced technologies, and proactive risk management, we will strive to provide uninterrupted and high-quality electricity services to our people, enhancing power system reliability and resilience.

Central to our Vision is the embracing of innovation. We recognize that the energy transition of tomorrow hinges upon our ability to embrace change and harness the power of innovation. By fostering a culture of creativity, collaboration, and exploration, we will position Bhutan as a trailblazer in the global energy landscape.

As we embark on this journey outlined in our Strategic Plan, let us do so with unwavering resolve and determination. Challenges may arise, obstacles may present themselves, but with courage and ingenuity, we will overcome them. I extend my heartfelt gratitude to all who have contributed to the development of this plan.



**Phuntsho Namgyal**  
**Chairperson**



# Message from the Chief Executive Officer

I am honoured to introduce our Strategic Plan 2024-2029 which sets the direction for the Electricity Regulatory Authority and guides our activities for the next five years. Our commitment to excellence and our unwavering dedication to our Mission have been the guiding forces behind the creation of this strategic blueprint. As we embark on this transformative journey, we remain steadfast in our commitment to upholding the highest standards of integrity, transparency, and accountability. We strive not only for compliance but also for innovation and excellence in our regulatory efforts.

The Strategic Plan has been crafted through a process of rigorous analysis, stakeholder engagement, and forward-thinking and this plan represents the collective wisdom, expertise, and aspirations of our stakeholders and team. From policymakers and licensees to consumers every voice has been heard, valued, and integrated into our Strategic Plan.

In achieving our Vision of becoming a “World Class Regulator and Facilitator”, investing in our people to equip our staff with the skills needed to thrive in a changing environment will be critical. Additionally, we’re committed to optimizing regulatory processes. By streamlining workflows and leveraging technology, we aim to enhance efficiency, deliver timely decisions, and bolster stakeholder trust.

Stakeholder engagement is central. Through proactive communication and collaboration, we will ensure regulatory decisions take into account diverse perspectives and ensures fairness. Furthermore, rigorous monitoring and evaluation mechanisms will track progress and hold us accountable, contributing to the energy sector's advancement.

Lastly, fostering a culture of innovation is imperative. Embracing change, encouraging experimentation, and learning from both successes and failures will drive positive transformation.

I extend my deepest gratitude to all stakeholders who have contributed to the development of this Strategic Plan. Your dedication, passion, and expertise have been instrumental in shaping its content and direction. We look forward with optimism in realizing a more sustainable and resilient energy future.

A handwritten signature in black ink, appearing to read 'Deki Choden', written in a cursive style.

**Deki Choden**  
**Chief Executive Officer**





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# Executive Summary

The Electricity Regulatory Authority with the mandate to provide a safe, reliable, and efficient supply of electricity plays a pivotal role in balancing the interests of diverse stakeholders while advancing the collective welfare of society. In an era defined by rapid technological advancement, globalization, and societal change, the landscape of regulatory governance is continually evolving. Recognizing the imperative for a more strategic outlook in our regulatory efforts, ERA has embarked on crafting a comprehensive Strategic Plan to navigate the shifting dynamics of the sector and align with the Royal Government's development plan.

Central to our Strategic Plan are its newly formulated Vision and Mission statements. The Vision of becoming a "World Class Electricity Regulator and Facilitator" underscores our commitment to excellence, while the Mission to "provide electricity sector stakeholders with fair, non-discriminatory, and efficient services" aims at ensuring safe, reliable, and efficient supply of electricity in Bhutan. These guiding principles are further reinforced by our Core Values of Integrity, Transparency, Innovation, Excellence and Accountability serving as the bedrock for all strategic endeavors.

ERA has identified three key goals: Regulatory Framework Excellence, Regulatory Service Excellence, and Embracing Innovation. These goals reflect our strategic priorities and form the basis for delineating specific objectives and initiatives. By focusing on regulatory reforms, infrastructure enhancements, capacity-building endeavors, and the promotion of innovation, ERA aims to drive significant progress in each of these critical areas.

Moreover, the Strategic Plan emphasizes the importance of prioritization, recognizing that resources must be allocated judiciously to tasks that will yield the most significant impact. By identifying and prioritizing key initiatives, we aim to optimize its efforts and resources, ensuring that the authority remains agile and responsive to the evolving needs of the sector and the broader socio-economic landscape of Bhutan.

In conclusion, the Strategic Plan represents a significant step forward in its evolution as a regulator. By embracing its Vision, Mission, and Core Values, and pursuing its identified goals and objectives with vigor and purpose, we are committed to growing into a world class regulator and facilitator that not only safeguards the interests of all stakeholders but also actively contributes to the National Vision "Developed Bhutan by 2034".

# Background

The Electricity Regulatory Authority, formerly known as the Bhutan Electricity Authority, was established in 2002 under Section 7 of the Electricity Act of Bhutan, 2001 as a Division under the Department of Energy, Ministry of Trade and Industry. The Electricity Act mandated ERA with the development and issuance of regulations, codes, procedures, and standards for the electricity sector, licensing, tariff determination, and dispute resolution.

In January 2010, ERA was de-linked from the Civil Service and granted functional autonomy. This move was pivotal for ensuring ERA to effectively fulfill its mandates as outlined in the Electricity Act of Bhutan, 2001. In the performance of its functions, ERA has been guided by policies of the Royal Government such as the Sustainable Hydro-power Development Policy, Alternative Renewable Energy Policy, and Domestic Electricity Tariff policy.

ERA regulates the Generation, Transmission, Distribution, and supply of electricity throughout the country, and oversees the performance of licensees such as Druk Green Power Corporation Ltd, Dagachhu Hydropower Corporation Ltd, Tangsebji Hydro Energy Ltd, Punatsangchhu Hydropower Project I, Punatsangchhu Hydropower Project II, Bhutan Power Corporation Ltd and Bhutan Power System Operator.

In consideration of the need to enhance energy security and the Royal Government's 13<sup>th</sup> Five-Year Plan, ERA has begun issuing licenses for Solar Power Projects and is currently developing technical and economic regulatory frameworks for promotion of Alternative Renewable Energy.



# Strategic Framework



## Vision

World Class  
Electricity Regulator  
& Facilitator

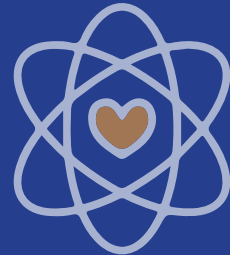


## Mission

To provide electricity sector stakeholders with fair, non-discriminatory and efficient services to ensure safe, reliable, and efficient supply of electricity

## Core Values

1. Accountability
2. Excellence
3. Integrity
4. Innovation
5. Transparency



## Goal 1

Regulatory Framework  
Excellence

### Objective 1

Develop Effective,  
Responsive and Enabling  
Regulations, Procedures  
and Codes

### Objective 2

Effective Stakeholder  
Management

## Goal 2

Regulatory Service  
Excellence

### Objective 1

Strengthened  
Compliance and  
Enforcement of  
Regulatory Frameworks

### Objective 2

Streamline Regulatory  
Processes

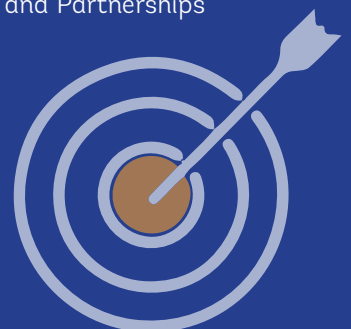
## Goal 3

Embracing Innovation

### Objective 1

Support and Promote  
Adoption of Evolving  
Technologies, Business  
Models and Partnerships

**Common Objective:** Strengthen Institutional Capacity





## Vision

World Class Electricity Regulator and Facilitator



## Mission

To provide electricity sector stakeholders with fair, non-discriminatory, and efficient services to ensure a safe, reliable, and efficient supply of electricity





## Core Values

- **Accountability**

Taking responsibility for delivering our commitments to the stakeholders.

- **Excellence**

Strive for excellence to ensure quality, productivity and professionalism.

- **Integrity**

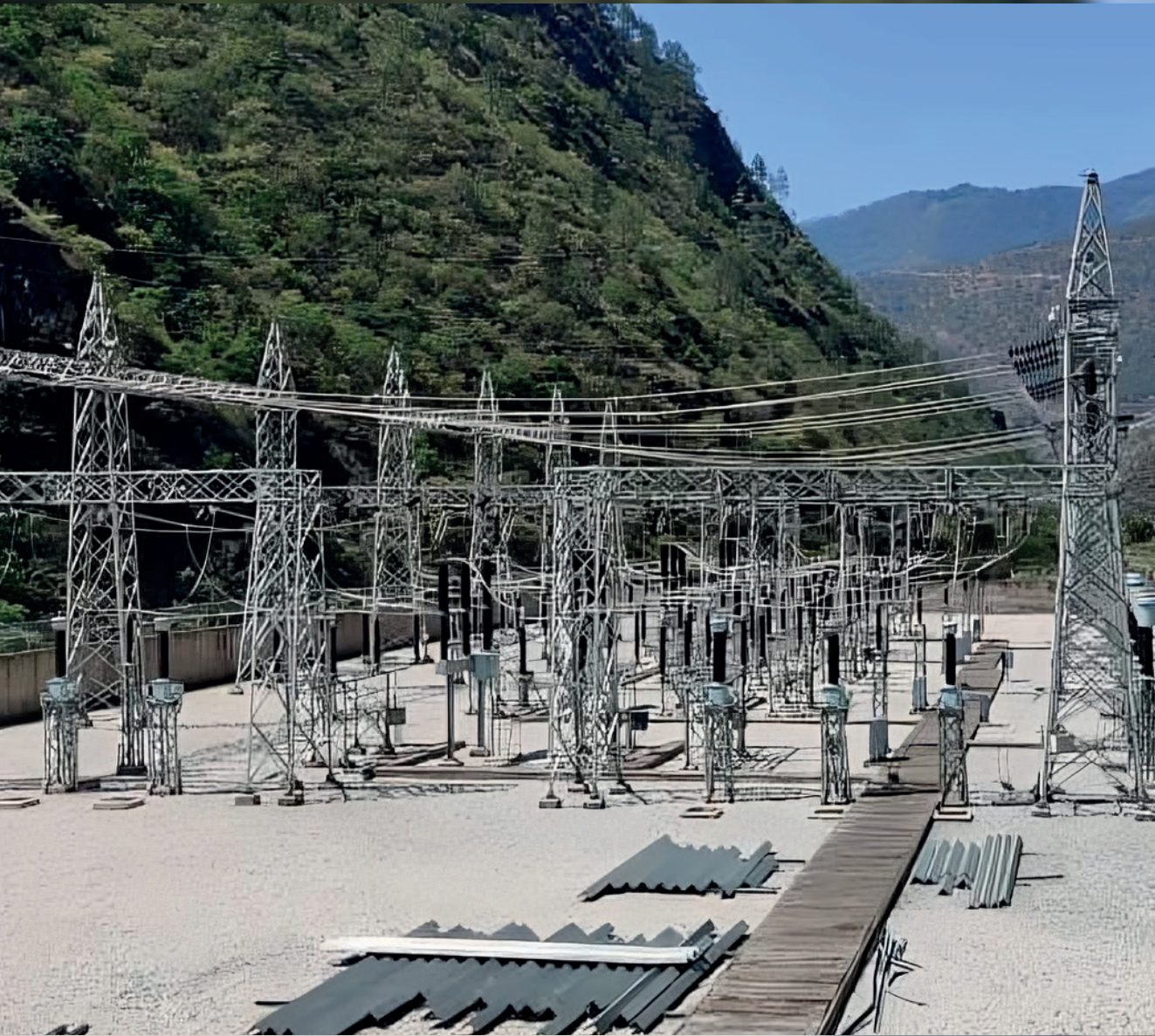
Upholding moral values and standards at all times.

- **Innovation**

Committed to embracing new ideas to enhance the service delivery.

- **Transparency**

Undertaking regulatory functions in an open manner to ensure fair and informed decisions.





# STRATEGIC GOALS

1. Regulatory Framework Excellence
2. Regulatory Service Excellence
3. Embracing Innovation



## STRATEGIC GOAL I

# Regulatory Framework Excellence

## Objective I: Develop Effective, Responsive and Enabling Regulations, Procedures and Codes

Developing effective, responsive, and enabling regulatory frameworks entail establishing clear and consistent rules that foster competition, innovation, and investment, thereby enhancing service quality, affordability, and sustainability. Moreover, these frameworks strive to address market failures, uphold reliability and safety standards, and facilitate equitable access to electricity services. Through promoting transparency, accountability, and stakeholder engagement, regulatory excellence endeavours to cultivate trust, spur economic growth, and elevate overall welfare within the electricity sector.

### Activities:

- Revision of the Internal House Wiring Regulation, 2016;
- Revision of the Tariff Determination Regulation, 2022;
- Revision of the Safety Code, 2021 & Safety Regulation, 2008;
- Revision of the Regulatory Fees Regulation, 2006;
- Revision of the Dispute Resolution Procedure, 2009;
- Develop Right of Way (RoW) Regulation;
- Revision of the Regulation for Grid Integration of Alternative Renewable Energy Sources, 2021; and
- Revision of the Distribution Code, 2022.

## Objective II: Effective Stakeholder Management

Stakeholder management is vital for effective regulation. It involves consulting with consumers, industry players, government agencies, and other stakeholders to ensure transparency, accountability, and inclusivity in decision-making. By considering diverse perspectives and concerns, ERA can make informed decisions that promotes trust, compliance, and innovation. This collaborative approach helps to address complex challenges and drive towards a more sustainable electricity system, benefiting all involved parties.

### Activities:

- Assessment of Stakeholder Engagement;
- Develop Stakeholder Engagement Framework or Guideline; and
- Implement Stakeholder Engagement Initiatives.

## STRATEGIC GOAL II

# Regulatory Service Excellence

## Objective I: Strengthened Compliance and Enforcement of Regulatory Frameworks

Enhancing compliance and enforcement of regulatory frameworks is essential for achieving excellence in electricity sector regulation. This involves ensuring that all participants in the sector adhere to established rules and standards, promoting fairness, consumer protection, and operational integrity. By bolstering compliance mechanisms and enforcing actions, ERA can deter non-compliance ensuring safe, reliable and efficient supply of

electricity to consumers at all times. This fosters investor and consumer confidence, building trust in regulatory frameworks, and ensuring the long-term stability and sustainability of the sector.

**Activities:**

- Review and update Reliability Indices and Performance Standards;
- Study on Low Voltage Consumer's Power Quality;
- Revision of the Guideline for Monitoring Licensed activities; and
- Assess Licensees' Performance and the overall performance of the Power Sector.

## **Objective II: Streamline Regulatory Processes**

Optimizing regulatory procedures, the ERA can efficiently carry out the duties, such as issuing license, conducting inspections, and enforcing compliance. This enables ERA to respond promptly to the evolving needs of the energy sector, fostering a conducive environment for investment, innovation, and efficiency. Additionally, streamlined processes facilitate timely access to essential electricity services for consumers and businesses, ensuring reliable and affordable electricity supply.

**Activities:**

- Conduct Feasibility Study on the Digitalization of Services;
- Revision of the Accounting and Reporting Regulation, 2007;
- Develop a manual for Reviewing and Drafting Regulatory Frameworks; and
- Revision of the Guideline for Processing Licenses, 2011.

## Strategic Goal III

# Embracing Innovation

## Objective I: Support and Promote Adoption of Evolving Technologies, Business Models and Partnerships

Supporting and promoting the adoption of evolving technologies, business models, and partnerships involves facilitating innovation through research and development initiatives and encouraging collaboration among the stakeholders. Clear regulatory frameworks provide guidance and certainty to the sector participants. ERA can also monitor and evaluate the impact of emerging technologies, ensuring that the sector remains dynamic and responsive to changing needs. Overall, this objective drives positive change, fosters innovation, and ensures the delivery of reliable, affordable, and sustainable electricity services to consumers.

### Activities:

- Study and develop Alternative Renewable Energy Pricing framework;
- Study on emerging technologies and Renewable Energy Sources;
- Conduct study on Domestic Power Market; and
- Develop Regulatory Framework for Electric Vehicle.

## Common Objective: Strengthen Institutional Capacity

Strengthening institutional capacity serves as a foundational objective for achieving the broader goals of regulatory framework excellence, regulatory service excellence and embracing innovation within the ERA. Recognizing the pivotal role of human capacity, ERA prioritizes training and development initiatives to effectively fulfill these goals. Moreover, by providing employees with conducive work environment. ERA not only enhances operational efficiency but also fosters greater employee engagement and commitment to fulfill the Vision and Mission.

### **Activities:**

- Development of Human Resource Development Master Plan;
- Revision of the Service Rules and Regulations, 2018; and
- Establish ERA office infrastructure, including the construction of the office building and the enhancement of ICT and network services.

# Strategic Plan Review

The Strategic Plan shall be reviewed quarterly, annually, and at the end of every five years as below to evaluate operational performance, outcomes, and update the Strategic Plan:

## 01 Mid-Term Review

The Electricity Regulatory Authority Secretariat (ERAS) shall review the activities in the middle of the fiscal year to assess the efficacy of the strategies. It involves a critical examination of resources and activities. A report will be generated at the end of review recommending appropriate actions.

## 02 Annual Review

ERAS shall conduct an annual evaluation of its activities to guide regulatory focus and initiatives without changing regulatory outcomes. This review will analyse compliance, align strategies with the regulatory environment, evaluate enforcement and activities, monitor progresses, and update plans as needed.

## 03 Holistic Review of Strategy

ERAS shall review the Strategic Plan, by assessing compliance, analysing regulatory changes, gauging strategy effectiveness, and gathering stakeholder feedback.

# Annexure: Activities, Output and Budget (in Million) Outlay

Objective	Activities	Output	Lead Division	Year 1 (2024-2025)	Year 2 (2025-2026)	Year 3 (2026-2027)	Year 4 (2027-2028)	Year 5 (2028-2029)
1. Develop Effective, Responsive, and Enabling Regulations, Procedures, and Codes	1) Revision of the Internal House Wiring Regulation, 2016	Revised the Internal House Wiring Regulation, 2016	L&TD	0.3				
	2) Revision of the Tariff Determination Regulation, 2022	Revised the Tariff Determination Regulation, 2022	TD	0.5				0.9
	3) Revision of the Safety Code, 2021 and Safety Regulation, 2008	Revised the Safety Code, 2021 and Safety Regulation, 2008	MD		0.5			
	4) Revision of the Regulatory Fees Regulation, 2006	Revised the Regulatory Fees Regulation, 2006	AAD		0.1			
	5) Revision of the Dispute Resolution Procedure, 2009	Revised the Dispute Resolution Procedure, 2009	PRCD	0.15				
	6) Develop Right of Way Regulation	Developed the Right of Way Regulation	MD	0.15				
	7) Revision of the Regulation for Grid Integration of Alternative Renewable Energy Sources, 2021	Revised the Regulation for Grid Integration of Alternative Renewable Energy Sources, 2021	MD			0.5		
	8) Revision of the Distribution Code, 2022	Revised the Distribution Code, 2022	L&TD	0.5				

Objective	Activities	Output	Lead Division	Year 1 (2024-2025)	Year 2 (2025-2026)	Year 3 (2026-2027)	Year 4 (2027-2028)	Year 5 (2028-2029)
2. Effective Stakeholder Management	1) Assessment of Stakeholder Engagement	Report on status of stakeholder engagement	PRCD		0.1	0.15		
	2) Develop Stakeholder Engagement Framework or Guideline	Developed Stakeholder Engagement Framework or Guideline	PRCD		0.5			
	3) Implement Stakeholder Engagement Initiatives	Enhanced stakeholder engagement	All Division		0.2	0.2	0.2	0.2
3. Strengthened Compliance and Enforcement of Regulatory Frameworks	1) Review and update Reliability Indices and Performance Standards	Updated Reliability Indices and Performance Standards	MD	0.5	0.5	0.5	0.5	0.5
	2) Study on Low Voltage Consumer's Power Quality	Issued report and improved power quality	MD	0.5				
	3) Revision of the Guideline for Monitoring Licensed activities	Revised the Guideline for Monitoring Licensed activities	MD		0.1			
	4) Assess Licensees' Performance and overall performance of Power Sector	Produced annual performance report of each licensee and overall performance report of Power Sector	MD		0.5			
4. Streamline Regulatory Processes	1) Conduct Feasibility Study on Digitalization of Services	Issued feasibility study report	PRCD	0.1				
	2) Revision of the Accounting and Reporting Regulation, 2007	Revised the Accounting and Reporting Regulation, 2007	TD	0.15				
	3) Develop a Manual for Reviewing & Drafting Regulatory Frameworks	Developed the Manual for Reviewing & Drafting Regulatory Frameworks	PRCD	0.15				
	4) Revision of the Guideline for Processing Licenses, 2011	Revised the Guidelines for Processing Licenses, 2011	L&TD		0.2			



Objective	Activities	Output	Lead Division	Year 1 (2024-2025)	Year 2 (2025-2026)	Year 3 (2026-2027)	Year 4 (2027-2028)	Year 5 (2028-2029)
5. Support and Promote Adoption of Evolving Technologies, Business Models and Partnerships	1) Study and develop Alternative Renewable Energy Pricing framework	Developed Renewable Energy Pricing framework	TD	0.25	0.25			
	2) Study on emerging technologies & Renewable Energy Sources	Issued Study Report on Emerging Technologies and Renewable Energy Sources	PRCD		0.15			
	3) Conduct study on Domestic Power Market	Issued Study Report on Domestic Power Market	PRCD		0.1			
	4) Develop Regulatory Framework for Electric Vehicle	Developed Electric Vehicle Regulatory Framework	L&TD				0.5	
6. Strengthen Institutional Capacity	1) Develop a Human Resource Development Master Plan	Developed Human Resource Development Master Plan	AAD	2.0				
	2) Revision of the Service Rules and Regulations, 2018	Revised the Service Rules and Regulations, 2018	AAD	0.1				
	3) Establish ERA office infrastructure, including the construction of the office building and the enhancement of ICT and network services	Constructed Office building & upgraded ICT & network services	AAD		51.5	52.25	52.25	
<b>Budget</b>			<b>5.35</b>	<b>54.7</b>	<b>53.6</b>	<b>53.45</b>	<b>1.6</b>	
<b>Total Budget</b>			<b>168.7</b>					

**Electricity Regulatory Authority**  
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Land Line #+975-02-327317  
E-mail: [era@era.gov.bt](mailto:era@era.gov.bt)

Design&Layout@Kuensel