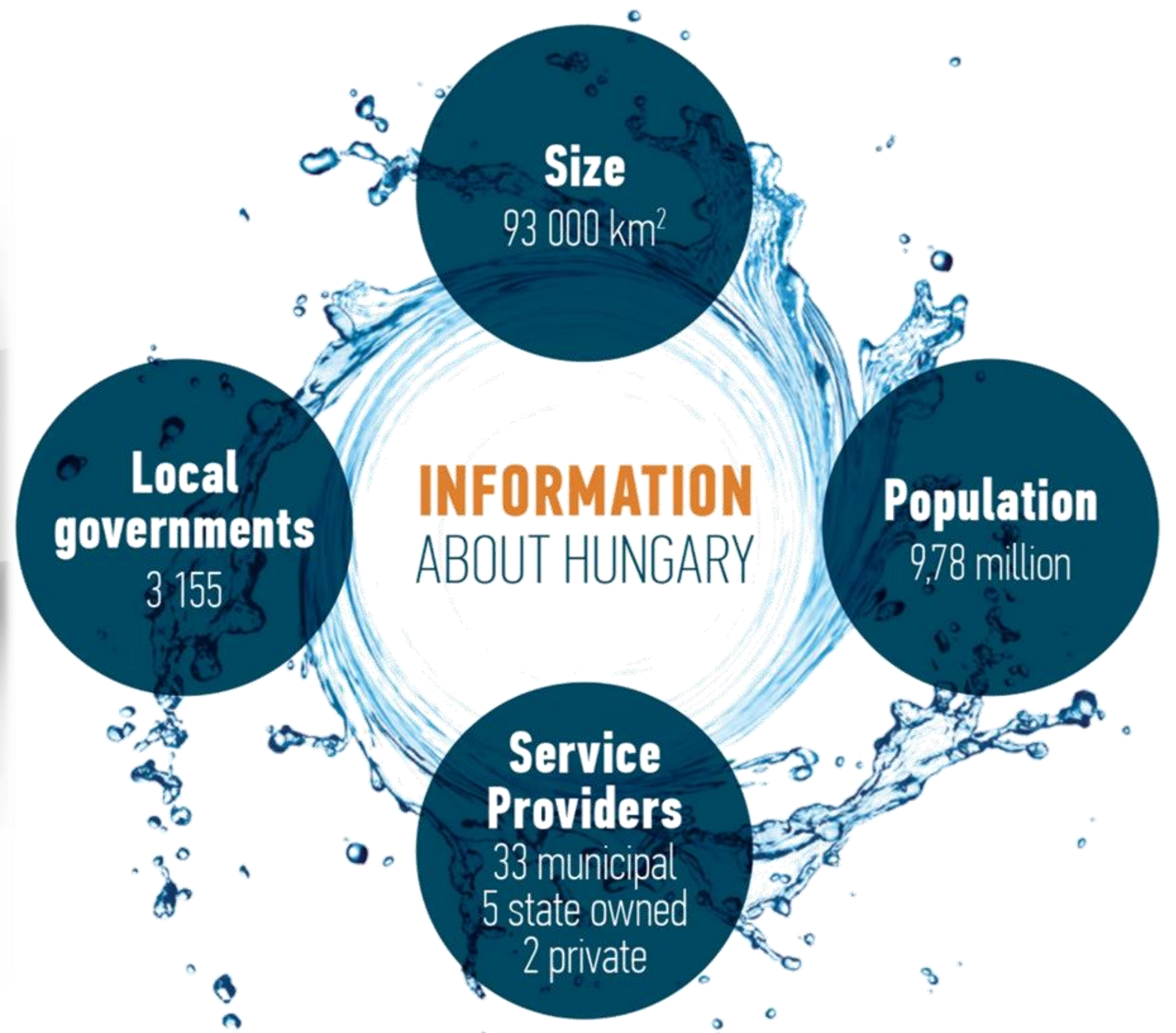


SOFT LAW TOOLS IN THE HUNGARIAN WATER REGULATION

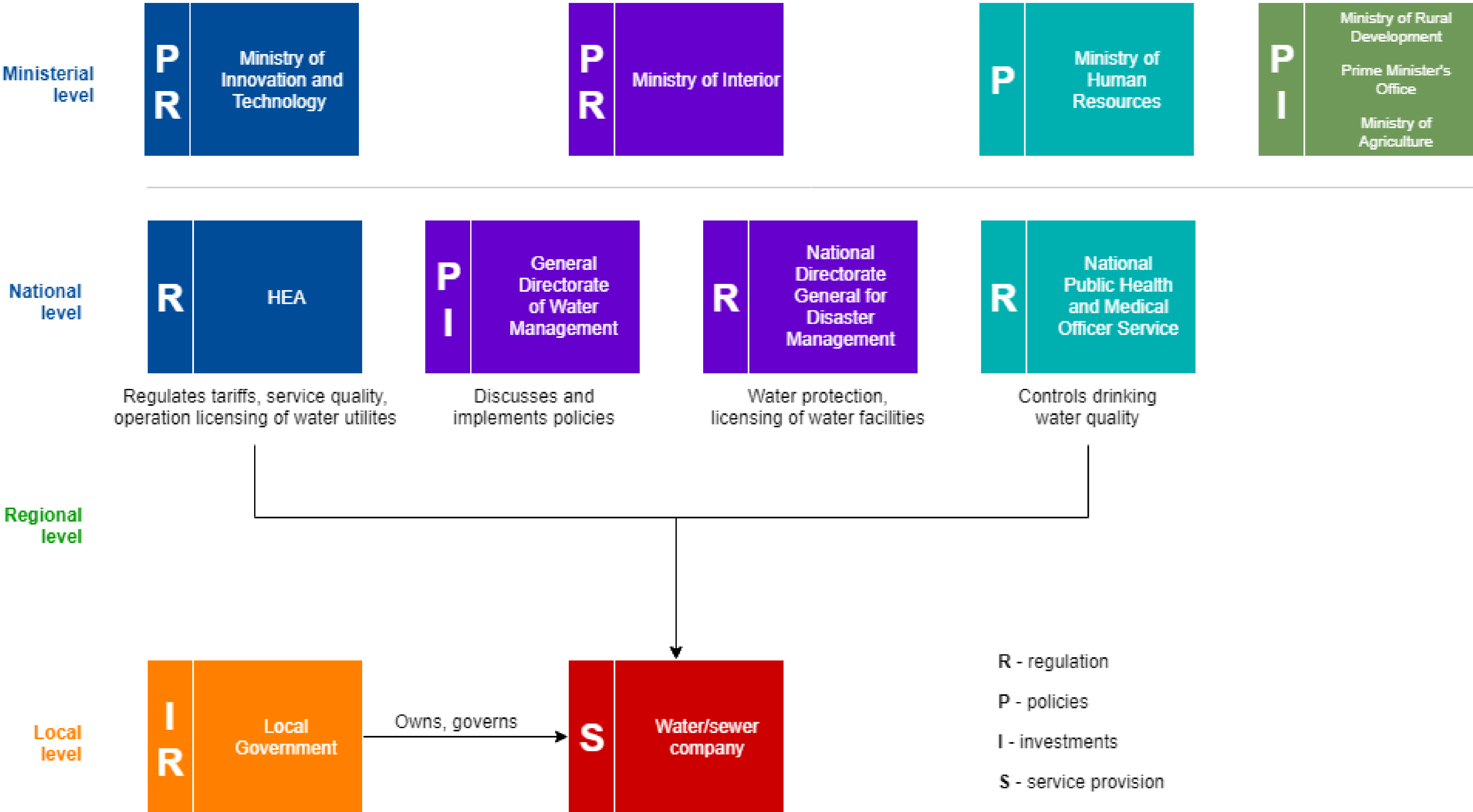
GÁBOR KISVÁRDAI

HEAD OF SECRETARIAT OF THE VICE-PRESIDENT FOR PUBLIC SERVICES

HUNGARIAN ENERGY AND PUBLIC UTILITY REGULATORY AUTHORITY

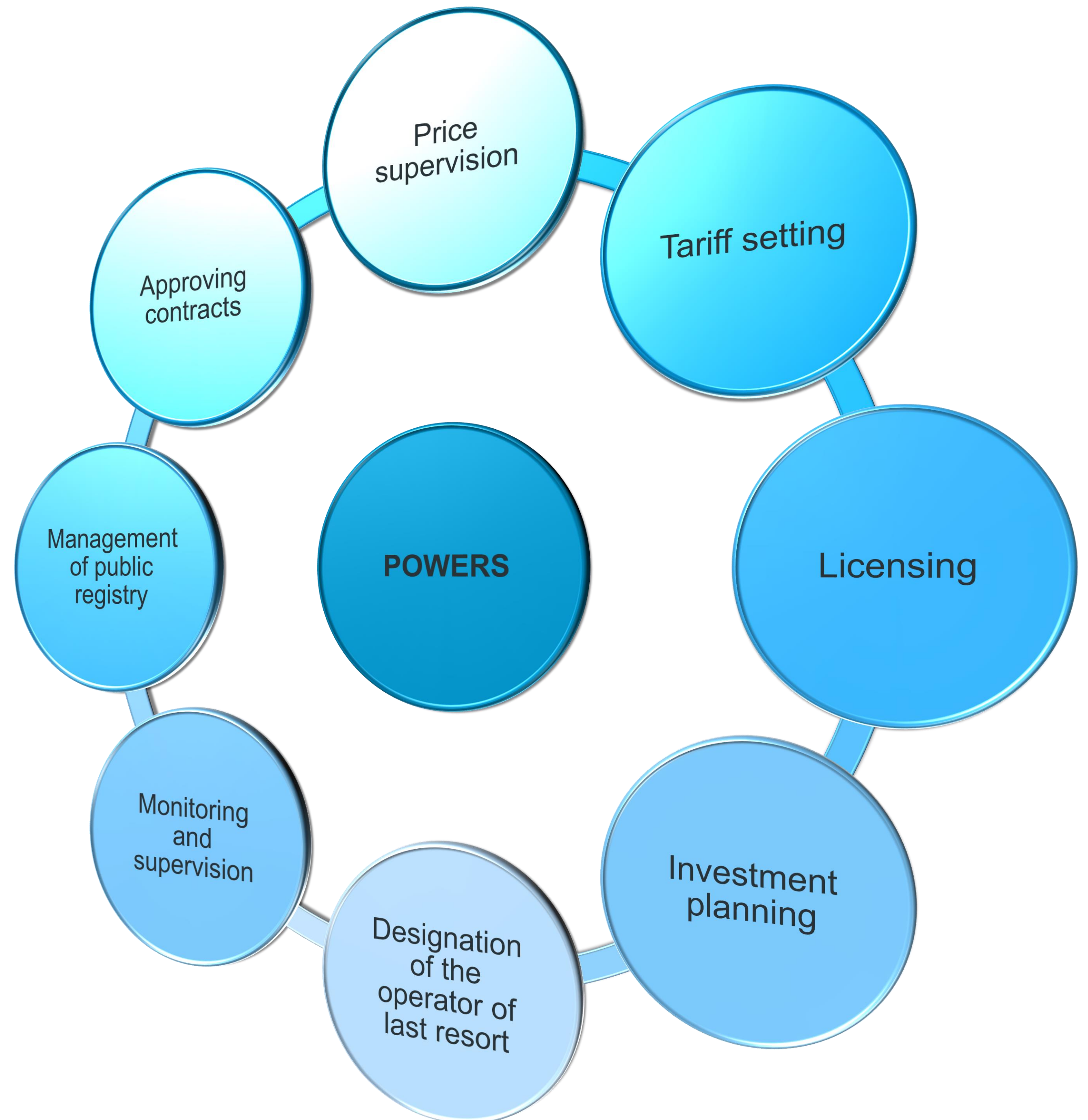


THE MAIN STAKEHOLDERS OF THE WATER SECTOR



THE REGULATOR

1. independent
2. only subject to the law
3. separate and independent budget
4. the only responsibility towards legislation is to give an annual report to the Parliament
5. regulated sectors: electricity, natural gas, district heating, drinking water, wastewater, solid waste



SOFT LAW TOOLS OF THE REGULATOR

RECOMMENDING LEGISLATION

- The regulator has the right to recommend new (or amendment of) legislation in the regulated sectors
- The approximation of practice and the written law
- Hard law tool: the decree of the regulator.

DIRECT CONSULTATION

- New data collection strategy since 2019
- Instead of high fines for non-compliance, we try to understand the reason behind it
- Many service provider need guidance and interpretation of the regulators requests
- Solution: data conferences, direct consultation, „road shows”, publication of resolutions and legal interpretations

PUBLICATIONS

- There are only two obligations for the regulator in the law regarding publications: (1) to publish every decision on the website, (2) to publish the annual report each year.
- Is it a limitation or freedom to publish more?

SOFT LAW TOOLS OF THE REGULATOR

CONTACT WITH THE INTEREST GROUP OF SERVICE PROVIDERS

- MoU since 2014
- Quarterly meetings and invitations for conferences
- Mutual publications in the future?

INTEGRATED WATER UTILITY DATABASE

- A new data collection and storage software
- Every stakeholder has access to it on different levels
- Official launch: 2nd quarter of 2022
- Contains every piece of information and data on water services

RECOMMENDATIONS AND GUIDELINES

- Official soft law tools since the act makes it possible to issue such documents.
- Based on court decisions, consultations with other stakeholders and the legal interpretations of the regulator.

THE RESULT OF USING SOFT LAW TOOLS BY THE REGULATOR

- The official and unofficial soft law tools has to be balanced. A shift towards unofficial soft law tools can undermine the jurisdiction of the government or government agencies.
- Regulators are actors in the national governance infrastructure. They cannot turn into creators of public policy.
- It's impossible to regulate everything with „hard law”, especially in the time of emerging technologies. Soft laws are necessary supplements of regulation.
- The efficiency of soft law tools are unquestionable and it cannot be avoided or prohibited.
- Soft law instruments can decrease transaction costs for the government and their regulated entities as well when they are interpreting the law.
- A soft law rule can have higher value if it becomes hard law rule.



THANK YOU FOR YOUR ATTENTION!

Gábor Kisvárdai
kisvardaig@mekh.hu