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**COMMON MARKET FOR EASTERN
AND SOUTHERN AFRICA**

Meeting of Energy Regulators for the Launch of the Association of
Energy Regulators for Eastern and Southern Africa

COMESA Centre, Lusaka, Zambia
16 - 17 March, 2009

**REPORT OF THE MEETING OF ENERGY REGULATORS FOR
THE LAUNCH OF THE REGIONAL ASSOCIATION OF ENERGY
REGULATORS FOR EASTERN AND SOUTHERN AFRICA
(RAERESA)**

A. INTRODUCTION

1. The Meeting of Energy Regulators for the launch of the Regional Association of Energy Regulators for Eastern and Southern Africa (RAERESA) was held at the COMESA Centre in Lusaka, Zambia from 16 to 17 March, 2009.

B. ATTENDANCE, OPENING OF THE MEETING, ADOPTION OF THE AGENDA AND ORGANISATION OF WORK

Attendance

2. The Meeting was attended by Energy Regulators from Kenya, Malawi, Rwanda and Zambia; and Electricity Regulators from Egypt, Ethiopia, Madagascar, and Sudan. The meeting was also attended by delegates from Burundi, Democratic Republic of Congo, Comoros and Eritrea, representing the Ministry responsible for Energy which currently regulates the energy sector. The meeting was also attended by representatives from EAC, EAPP and USAID. The List of Participants is attached as Annex V.

Opening of the Meeting (*Agenda Item 1*)

3. The Meeting was officially opened by Honourable Gladys Lundwe, MP, Deputy Minister of Energy and Water Development of Republic of Zambia. The Minister, on behalf of the Government and people of Zambia welcomed all the delegates to the meeting and asked them to feel at home and take the opportunity to visit some of the tourist sites Zambia has to offer.

4. Honourable Lundwe observed that the African continent was endowed with abundant energy resources which were more than adequate to meet continent's development. She also observed that there was also predominant use of the traditional biomass energy mainly in terms of wood fuels in many COMESA countries.

5. Honourable Lundwe indicated that the total installed capacity of the COMESA region was around 35,000 megawatts. Almost 69 % of the installed capacity was thermal, whereas, 30 % of it was hydro. She further indicated that the deficit in electricity supply, currently estimated at 20% of demand, was expected to be exacerbated in the forthcoming years to 46% in 2011 as demand grew as the result of sustained economic growth and population growth in most of COMESA countries. She then indicated that the average electricity price for the COMESA region was around nine to ten cents per kwh which was higher compared to some regions.

6. Honourable Lundwe also indicated that the COMESA region's proven crude reserves were over 50 billion barrels, representing about 44 % of Africa and about 4 % of the world crude reserves and that the region produced about 3 million barrels per day (bb/d) of oil whereas it consumed slightly above 1 million bb/d.

7. The Minister observed that inadequate access to energy was widely recognized as one of the major supply side constraints and remained a major contributing factor to the lack of competitiveness of the region's productive sectors. In this regards, she

underscored the importance of addressing energy challenges that the COMESA region was facing through developing and implementing actions that should make a remarkable difference on the ground.

8. Honourable Lundwe then stated that harmonization of regulatory frameworks in the COMESA region in order to create an efficient energy sector taking into account advantages of the available capacity and economies of scale and scope was one of these interventions. On this account, she stressed that establishment of a Regional Association of Energy Regulators, whose main objective was to facilitate energy regulatory capacity-building and enhance the increasing integration of energy systems and energy trade, would be a useful and persuasive instrument.

9. Honourable Lundwe pointed out that, as the case in many COMESA countries, wood fuel significantly contributed to total energy consumption of Zambia. She further pointed that the consumption of this type of energy was dominated by households sector. She also pointed out that Zambia's installed electricity generation capacity was about 1910 megawatts and it was dominated by hydro. On oil, she indicated that Zambia depended entirely on external sources and that the transport sector was the large consumer followed by the mining industry.

10. The Minister informed the Meeting that Energy Regulation Board of Zambia was established under the Energy Regulation Act of 1995 to facilitate the establishment of a sound regulatory framework that should instill investor confidence in the energy sector. She also indicated that Zambia had reviewed the 1994 National Energy Policy and the new Energy Policy had captured all the rising challenges as it provided a guide to all the stakeholders at all levels, on Government's intended actions in the energy sector.

11. The Secretary General of COMESA Mr. Sindiso Ngwenya also made some remarks during the opening session. In his remarks, he welcomed the minister and all delegate to the COMESA Secretariat. He invited them to enjoy the renowned hospitality of the people of Zambia where tranquility, peace and the warmth of the country and its people provided an ideal environment in which to take the process of regional economic co-operation and integration forward.

12. Mr. Ngwenya pointed out that the main objective of COMESA was to transform the economies of the member countries through integration and collective action in order to achieve accelerated sustained economic growth and development for the material well-being of the people of the region. He further pointed out that regional integration, in today's world, was one of the options available to generate sufficient economic activity, improve efficiency, heighten competition, attract investments, mitigate crisis, and thus create jobs and reduce poverty.

13. Mr. Ngwenya pointed out that COMESA had put in place since its establishment in 1994 as a successor to the Preferential Trade Area for Eastern and Southern Africa (PTA) which had been in existence since 1981, a number of mechanisms and instruments in order to develop, promote, strengthen and deepen integration. He further pointed out that these mechanisms and instrument included the COMESA Free Trade Area (FTA) which had culminated in participation of 14 member States; the COMESA Customs Union (CU) which would be launched in the upcoming COMESA Summit and

other programmes in the areas of infrastructure, agriculture, investment, private sector, gender, peace and security, among others.

14. Mr. Ngwenya indicated that, lack of adequate regional energy infrastructure in the COMESA region was recognized as one of the factors that had led to high production costs. He further indicated that this situation had also culminated in low levels of competitiveness of the countries in the local, regional and global markets. He then emphasized that the energy infrastructure gap should be bridged through development of the regional energy infrastructure. In this regard, he indicated that COMESA had embarked on an Energy Programme whose main thrust was to promote regional cooperation in energy development, trade and capacity building through harmonizing energy policy and regulatory issues, developing the COMESA region energy infrastructure through development of medium to long-term energy master plan, and facilitating trade in energy services.

15. Mr. Ngwenya indicated that many COMESA countries had established their energy regulatory set up whose mandate included rulemaking and enforcement, licensing, approval of tariffs, type-approval and standards, etc. In this context, he said that integrating energy systems through harmonizing energy regulatory regimes had also become a regional and an international trend. He further said that integrating synergies on energy regulatory issues and avoiding crisis, such as the global financial crisis and energy crisis, necessitated the establishment of Energy Regulatory Associations at the regional and continental levels.

16. Mr. Ngwenya then pointed out that the intention of this meeting of Energy Regulators from the COMESA region was, therefore, to launch the Association of Energy Regulators for Eastern and Southern Africa so as to start performing its functions as prescribed in its constitution.

Vote of Thanks

17. Delegate of Kenya, on behalf of all the delegates thanked the Deputy Minister of Energy and Water Development of the Republic of Zambia, Honourable Gladys Lundwe for opening the meeting. He also expressed gratitude to the government and people of Zambia for the warm welcome accorded to the delegates since their arrival in the country and for the excellent facilities provided to them.

18. He then thanked the Minister for her inspiring words in his opening address and assured her that the Meeting would be guided by these words during its deliberations.

Adoption of the Agenda and Organization of Work (Agenda Item 2)

19. The Meeting adopted the following Agenda:

1. Opening of the Meeting
2. Adoption of the Agenda and Organization of Work
3. Presentation on the Constitution of the Association of Energy Regulators for Eastern and Southern Africa

4. Launching of the Association and Signature of Constitution
5. Election of the Chairperson of the Plenary and the Portfolio Chairpersons
6. Presentation on COMESA Model Energy Policy Framework
7. Presentation on Integrated Energy Planning Strategy for Development of COMESA Energy Master Plan
8. Presentation on COMESA Energy Work Programme and Review of Progress of Country Activities on Energy Regulatory Issues
9. Development of the Association Work Programme for 2009
10. Administrative and Financial Issues of the Association
11. Any Other Business
12. Adoption of the Report and Closure of the Meeting

Organisation of Work

20. The Meeting adopted the following hours of work:

Monday, 16th March, 2009

Morning - 09.00 - 12.45 hours
Afternoon - 14.30 – 18.00 hours

Tuesday, 17th March, 2009

Morning - 09.00 – 12.30 hours report writing
Afternoon - 15.00 – 16.00 hours

C. ACCOUNT OF PROCEEDINGS

Presentation on the Constitution of the Association of Energy Regulators for Eastern and Southern Africa (for noting) (*Agenda Item 3*)

21. The Secretariat presented, to the Meeting, the Constitution of the Regional Association of Energy Regulators for Eastern and Southern Africa (RAERESA) (Document CS/ID/ENERGY/II) for signature by the Energy Regulators from the COMESA region.

22. The broad objectives of the Regional Association of Energy Regulators for Eastern and Southern Africa (RAERESA) include capacity building and information sharing; development of energy sector policy, and regulatory guidelines and fostering inter-regional co-operation in energy regulatory matters.

23. In presenting the Constitution of the Regional Association of Energy Regulators for Eastern and Southern Africa (RAERESA), the Secretariat recalled the Meeting that

this Constitution was submitted to Energy Regulators from the COMESA region, for necessary consultations with stakeholders and approvals in their countries, following its approval by the COMESA Council of Ministers at its Meeting held in November, 2007 in Lusaka, Zambia. And that most of the Regulators had already sent their responses to the Secretariat that they were agreeable to the Constitution.

24. The Secretariat also indicated that the objective of this Meeting was to launch the Regional Association of Energy Regulators for Eastern and Southern Africa (RAERESA) so as to start performing its functions as prescribed in its constitution.

25. In the discussions that ensued, the Meeting noted that all countries that had not yet established their independent regulatory bodies could become Associate members as indicated in the Constitution. In this regard, the Meeting noted that if the Associate members were ready to sign, suitable ways and means should be sought to accommodate them. The Meeting underscored that the Associate members should be assisted to set up their regulatory bodies and also in developing/ reviewing their National Energy Policies. The Meeting also noted that RAERESA would be used as a forum for capacity building, knowledge sharing, peering arrangements, training , etc. The Meeting also underscored that Rules of procedure should be developed in order to facilitate the smooth operation of the Association.

Recommendation

26. ***The Meeting recommended that Rules of Procedure of the Regional Association of Energy Regulators for Eastern and Southern Africa (RAERESA) should be developed in order to facilitate the smooth operation of the Association.***

Launching of the Association and Signature of Constitution (Agenda Item 4)

27. The Constitution of RAERESA was presented to the Regulators for signature. The following Energy Regulators signed the Constitution of the Regional Association of Energy Regulators for Eastern and Southern Africa (RAERESA):

- (i) Egyptian Electric Utility and Consumer Protection Regulatory Agency of the Arab Republic of Egypt;
- (ii) Ethiopian Electricity Regulatory Agency of the Federal Democratic Republic of Ethiopia;
- (iii) Energy Regulatory Commission of the Republic of Kenya
- (iv) Madagascar Electricity Regulation Office of the Republic of Madagascar
- (v) Malawi Energy Regulatory Authority of the Republic of Malawi;
- (vi) Rwanda Utilities Regulatory Agency of the Republic of Rwanda; and
- (vii) Electricity Regulatory Authority of the Republic of Sudan.

Decision

28. In line with Article 13 of the Constitution on “Entry into Force”, which stipulates that “This Constitution shall enter into force on the date when it is signed by at least five Members”, the meeting having confirmed that seven Regulators had indeed signed the Constitution, by acclamation Launched the Regional Association of Energy Regulators for Eastern and Southern Africa (RAERESA). The signed Constitution of the Regional Association of Energy Regulators for Eastern and Southern Africa (RAERESA) is attached as Annex I of this report.

Election of the Chairperson of the Plenary and the Portfolio Chairpersons (Agenda Item 5)

29. In order to facilitate the work of RAERESA and the preparations for its first AGM, the meeting agreed and proceeded to elect members of the Executive Committee which comprises the Chairman of the Plenary and the four Chairpersons of Portfolio Committees.

Decision

30. The Meeting elected:

- (i) Kenya as Chairperson of the Plenary; and**
- (ii) the following Portfolio Chairpersons:**
 - Egypt as Chairperson of Portfolio Committee on Electricity;**
 - Rwanda as Chairperson of Portfolio Committee on Oil and Gas;**
 - Ethiopia as Chairperson of Portfolio Committee on Renewable Energy; and**
 - Sudan as Chairperson of Portfolio Committee on Environment and Energy Efficiency**

Presentation on COMESA Model Energy Policy Framework (for noting) (Agenda Item 6)

31. The Secretariat presented to the Meeting, the COMESA Model Energy Policy Framework (Document CS/ID/ENERGY/III) for information.

32. The main thrust of the COMESA Model Energy Policy Framework is to provide the COMESA member States with harmonized guidelines that would facilitate energy policy harmonization in the COMESA region in efforts to improve efficiency and increased investment.

33. The specific objective of the COMESA Model Energy Policy Framework is to provide outline contents expected in a National Energy Policy, which countries can then adopt and/or customize, therefore, harmonizing policies in the spirit of regional integration.

34. The COMESA Model Energy Policy Framework focuses on key issues in the energy sector; main energy policy goals and objectives supply and demand side energy policy objectives and policy instruments; cross cutting issues; and provisional action plan and conclusion.

35. In the discussions that ensued, the Meeting underscored that the COMESA Model Energy Policy Framework should be cascaded down to member States and urged member States to use it to review or draft their national energy policies and legislation. And that the Secretariat should monitor the progress of development of National Energy Policies in member States. The COMESA Model Energy Policy is attached as Annex II of this report.

Presentation on Integrated Energy Planning Strategy for Development of COMESA Energy Master Plan (for noting) (*Agenda Item 7*)

36. The Secretariat presented to the Meeting, the study on the integrated planning strategy in the development of energy resources and a strategic policy on the development and use of renewable energy resources and nuclear (Document CS/ID/ENEREGY-REG/2/1) for consideration.

37. The intention of the study is to develop a strategic framework for energy co-operation among COMESA member States through development of an integrated planning strategy in the development of energy resources and a strategic policy on the development and use of renewable energy resources and nuclear.

38. The overall objective of the integrated planning strategy in the development of energy resources and a strategic policy on the development and use of renewable energy resources such as wind, solar, etc and nuclear is to contribute to a more reliable, cost effective and sustainable energy supply in the COMESA region, through joint utilization of energy resources including their infrastructure such as electricity transmission and distribution networks, petroleum and gas pipelines, etc, so that they can be able to deliver their services to consumers in an affordable cost and a reliable way. This would definitely address the region's energy related supply side constraints through the exploitation of the advantages of economies of scale and scope and in turn, would contribute to increased productive competitiveness and economic growth for poverty reduction.

39. The specific objective is to assist the COMESA region achieve a higher level of strategic regional co-operation in the use and development of modern energy resources including their infrastructure so as to maximize energy gains in the short, medium and long terms.

40. The integrated planning strategy in the development of energy resources and a strategic policy on the development and use of renewable energy resources and nuclear focuses on key issues in the energy sector; cooperation in energy; integrated planning strategy of energy resources in the COMESA region; status of cooperation in development and use of energy resources amongst COMESA countries; integrated regional power development; benefit/incentives of participation in regional development

projects; tools for implementation of integrated planning strategy; and action plan for development of master plan.

41. The Meeting noted that the integrated planning strategy would be validated through a workshop which should include all stakeholders and once validated it would be taken through COMESA decision making process.

42. In the discussions that ensued, the Meeting noted the need for including challenges that might face the implementation of the integrated planning strategy in the main document. The Meeting further noted that there was a need to elaborate on disaster mitigation plan. Moreover, the Meeting underscored the need to take the island member States needs also into consideration.

43. The Meeting also noted the requirements for the establishment of a common electricity market which could include maturity of the internal market and harmonization of the regulatory frameworks, availability of sufficient infrastructure including both, international interconnections as well as sufficient capacity of the horizontal grids and common cross-border governing rules and procedures.

44. The text of the integrated planning strategy in the development of energy resources and a strategic policy on the development and use of renewable energy resources and nuclear is attached as Annex III of this report.

Recommendations

45. **The Meeting recommended that:**

- (a) ***Members and Associate Members should submit to the Secretariat detailed country information on energy and energy projects, based on the templates to be sent by the Secretariat, as well as long term energy plans being implemented by respective countries and also their efforts on achieving MDGs as it pertain to energy;***
- (b) ***Members and Associate Members were requested to send their comments / suggestions on the improvement of the integrated energy planning strategy.***

Presentation on COMESA Energy work Programme and Review of Progress of Country Activities on Energy Regulatory Issues (Agenda Item 8)

46. The Secretariat presented to the Meeting, the COMESA Energy Programme (Document CS/ID/ENERGY-REG/2/1); which also contains work programme activities for the year 2009.

47. The intention of the COMESA Energy programme is to harmonize energy policy and regulatory frameworks through preparation of model policy and regulatory guidelines for the energy sector; and also establishment of a Regional Association of Energy Regulators for Eastern and Southern Africa. The programme is also intended to facilitate trade in energy services through development of harmonized standards. Moreover, the programme is intended to develop regional energy infrastructure through development of

medium to long-term energy master plan. The main areas in power are in generation and transmission to facilitate electric power trade and cross-border trade in electricity in order to narrow down the high discrepancies in the prices of electricity in various countries in the region.

48. In the discussions that ensued, the Meeting noted that the Secretariat was also coordinating projects in generation and transmission as well as mobilizing resources jointly within the regional context. And the issue of standards was also discussed. In this regard the Meeting underscored the need for labeling standards for electrical power equipments and also to develop standards for gas

49. The Meeting also underscored the need to share the experiences of various regulatory agencies as well as energy ministries through this forum on various activities on energy regulatory issues. The COMESA Energy Work Programme is attached as Annex IV of this report.

Development of the Association Work Programme for 2009 (Agenda Item 9)

50. The Meeting identified some guidelines for the development of the Association's Work Programme for 2009. The Meeting noted the need for co-operation with other similar regional and international Energy Regulatory Associations in order to avoid duplication of effort and wasting of resources.

Decisions

51. The Meeting agreed on the following as elements of the Association's Work Programme:

- i. contact persons should be designated in each regulatory agency as well as associate countries to act as representatives of their countries in the work of each portfolio group, this information should be given to the Secretariat who shall circulate it to the Chairpersons of the Portfolios;*
- ii. the Secretariat should collect the complete contact information for each portfolio group members;*
- iii. the Secretariat in conjunction with the Chairperson of each portfolio group to communicate with the country representatives to prepare TOR for the work plan of the group*
- iv. the program term should be two years;*
- v. TOR of the work plan should be presented to the Plenary meeting for approval;*
- vi. the Secretariat to draw a Work Programme of RAERESA based on input from the respective portfolio groups; and*
- vii. each portfolio group should prepare an interim report for each plenary meeting during the program term for follow up and should present a final report at the end of the program term to the plenary meeting for approval.*

Administrative and financial issues of the association (*Agenda Item 10*)

52. The Meeting discussed some administrative and financial issues as they pertain to the newly established Regional Association of Energy Regulators for Eastern and Southern Africa.

Decisions

53. **The Meeting agreed on the following:**

- (i) ***the COMESA Secretariat to act as an interim Secretariat of the Regional Association of Energy Regulators for Eastern and Southern Africa (RAERESA);***
- (ii) ***the Secretariat to prepare a budget for initial period of two years in line with the Association's Work Programme.***

Any Other Business (*Agenda Item 11*)

54. Under any other business, the USAID indicated that the Regional Energy Programme for Eastern Africa started in November, 2008. There are two activities under this programme, namely COMPETE which deals with the activities related to regional trade, integration and competitiveness; and the Africa Infrastructure Programme (AIP) that facilitates the financial foreclosure of viable energy projects in Sub-Saharan countries. The future activities will focus on clean energy.

Adoption of the Report and Closure of the Meeting (*Agenda Item 12*)

55. The Meeting adopted the report with amendments.

Closing of the Meeting

56. In closing the meeting, the Director of Infrastructure Development at the COMESA Secretariat, on behalf of the Secretary General of COMESA, thanked the delegates for the active participation in the proceedings that had enabled the meeting to successfully launch the Regional Association of Energy Regulators for Eastern and Southern Africa (RAERESA) and he wished them safe journeys back to their respective homes.