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First Annual General Meeting (AGM) of the Regional Association of Energy Regulators for Eastern and Southern Africa (RAERESA)

COMESA Centre, Lusaka, Zambia
28 - 29 January, 2010

REPORT OF FIRST ANNUAL GENERAL MEETING (AGM) OF THE REGIONAL ASSOCIATION OF ENERGY REGULATORS FOR EASTERN AND SOUTHERN AFRICA (RAERESA)

INTRODUCTION

1. The First Annual General (AGM) Meeting of the Regional Association of Energy Regulators for Eastern and Southern Africa (RAERESA) was held at the COMESA Centre in Lusaka, Zambia on 28 - 29 January 2010. The main objective of the Meeting was to adopt the RAERESA's Work Programme for 2010 and 2011 and discuss various other issues related to integrated development of energy sector in the COMESA region.

Attendance

2. The Meeting was attended by the following members of RAERESA:

   a. Egyptian Electric Utility and Consumer Protection Regulatory Agency of the Arab Republic of Egypt, Ethiopian Electricity Regulatory Agency of the Federal Democratic Republic of Ethiopia, Energy Regulatory Commission of the Republic of Kenya, Madagascar Electricity Regulation Office of the Republic of Madagascar, Malawi Energy Regulatory Authority of the Republic of Malawi, Rwanda Utilities Regulatory Agency of the Republic of Rwanda and Electricity Regulatory Authority of the Republic of Sudan;

   b. The following Associate members of RAERESA: Burundi, Democratic Republic of Congo, Comoros, Eritrea, Libya Mauritius and Swaziland representing the Ministry responsible for Energy which currently regulates the energy sector;

   c. The following observers representing their Energy Regulators: Electricity Regulatory Authority of the Republic of Uganda, Energy Regulation Board of Zambia and Electricity Regulatory Commission of Zimbabwe

   d. The following countries, cooperating partner institutions, regional and continental institutions: Norway, Sweden, the Eastern Africa Power Pool (EAPP), the African Development Bank, (AfDB), Regional Electricity Regulators Association of Southern Africa (RERA), Japan International Cooperation Agency (JICA) and United Nations Industrial Development Organization (UNIDO).

3. The list of participants is Annex VIII.

A. OPENING – AGENDA ITEM 1

4. The Meeting was officially opened by Honourable Kenneth Konga MP, 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 First Annual General Meeting (AGM) and asked them to feel at home and take the opportunity to visit some of the tourist sites Zambia has to offer.

5. Honourable Konga observed that the success of integration programme in the COMESA region and in the other regions of Africa would depend significantly on the ability of energy infrastructure to deliver its services to consumers at an affordable cost and in a reliable way. He further observed that energy infrastructure would help countries expand their intra and extra trade through reductions in cost, and in particular, would enhance their regional and international competitiveness of exports products. He then added that energy would be an important component in the process of achieving COMESA's goals in economic integration and raising the standards of living for its people.

6. Honourable Konga noted that the power supply deficit was expected to worsen in the forthcoming years due to increased demand as a result of sustained economic growth in many COMESA countries. He then stressed that this would entail that the energy infrastructure should be expanded through expeditiously implementing bankable projects. He explained that this exercise would require that resources should be mobilized through agreed strategies which should focus, among others, on national resources through budget allocation; bonds; pension funds; Public Private Partnership (PPP); development Financial Institutions such as African Development Bank (AfDB), funds such as COMESA Fund, etc.

7. The Minister indicated that he was quite confident that the COMESA Energy programme, whose main objective was to develop a framework of co-operation in the development of energy among the COMESA member States and to deepen integration, would address those challenges that the COMESA region was facing. In particular which the Regional Association of Energy Regulators for Eastern and Southern Africa (RAERESA) should be spearheading the energy regulatory framework component. He then added that the energy regulatory framework should ensure that the existing and future energy needs of the population of COMESA are met in most reliable, efficient, cost effective and sustainable manner for social and economic development.

8. The Minister underscored the importance of expediting the implementation of generation projects and the missing links in the power interconnection needed to link the COMESA region. He further underscored the importance of expanding the energy mix include other potentials like nuclear energy and other renewable sources of energy to address climate change issues, beside hydro, petroleum and biomass.

9. The Minister informed the meeting that private investment in the energy sector was allowed in Zambia. And that Independent Power Producers (IPPs) were, therefore, allowed and there were two IPPs are already in operation generating 40 megawatts. He further informed the Meeting that the Government of Zambia was exerting more efforts to develop the energy sector. In this regard, he indicated that the office for Promoting Private Power Investment (OPPP) had been established to provide a one-stop shop for power investors and to promote IPPs. Moreover, duty and taxes were waived on new generation and transmission projects.

10. The Acting Secretary General of COMESA Ambassador Nagla El-Hussainy also made some remarks during the opening session. In her remarks, she welcomed the minister and all the delegates to the COMESA Secretariat. She 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 forward the process of regional economic co-operation and integration.

11. Ambassador El-Hussainy pointed out that the energy sector was directly linked to the other sectors of the economy, providing their life-blood. She further pointed out that energy was the heart and the soul of social and economic development. And that high energy consumption had traditionally been associated with higher quality of life. She then noted that energy had, over the years, drawn considerable attention of all countries of the world to the important role it would play in determining their macroeconomic performance.

12. Ambassador El-Hussainy noted that in order to address the energy challenges that COMESA was facing and to meet the suppressed demand, the installed capacity should be increased by 50 % (around 20,000 mega watts) over each of the five forthcoming years. She further noted that this should require heavy investment considering energy mix for supply

security and joint exploitation of energy resources to reduce this electric power deficit, to fast track the implementation of the projects on pipeline.

13. Ambassador El-Hussainy observed with appreciation that capacity additions for some selected COMESA countries would be around 10400 mega watts up to 2011/12. And that the projects that were expected to be commissioned during the five year period of 2011-15 would add up to over 20,000 megawatts and those beyond 2016 were about 30,000 mega watts. She also observed that many electric power interconnectors would become operational between 2012 and 2013 which would mean that power trade could be expanded in the region.

14. Ambassador El-Hussainy indicated that the role of the Regional Association of Energy Regulators for Eastern and Southern Africa (RAERESA) was, therefore, pivotal in facilitating the trade in energy services in the COMESA region through creating an enabling environment for investments in generation, transmission and distribution, and also improving regulatory transparency. She further pointed out that RAERESA could be committed to work towards the harmonization of the rules as they pertain to energy and promote good governance in order to brand energy sector in the COMESA region as an investor friendly sector and also to improve the services of the existing energy infrastructure through enhanced efficiency.

15. It is worth noting that Eng. Kaburu Mwirichia, the Director General of the Energy Regulatory Commission of Kenya, the Chairperson of the Plenary of RAERESA chaired the First Annual General (AGM). In his opening remarks Eng. Mwirichia welcomed the members and Associate members of RAERESA, observers, countries, cooperating partner institutions, regional and continental institutions to the First Annual General (AGM)

Vote of thanks

16. Col. Diogène Mudenge, the Chairperson of the Portfolio Committee on Oil and Gas, Vice-Chairman of the Regulatory Board and Director General, Rwanda Utilities Regulatory Agency (RURA), on behalf of all the delegates thanked the Minister of Energy and Water Development of the Republic of Zambia, Honourable Kenneth Konga for opening the meeting. He thanked the Government and People of Zambia for the generous hospitality extended to the delegations since their arrival in Lusaka; and the Secretariat for the logistical arrangements. He then thanked the Minister for his inspiring words in his opening address and assured him that the Meeting would be guided by these words during its deliberations.

B. AGENDA AND ORGANISATION OF WORK – AGENDA ITEM 2

17. The Meeting considered and adopted the following agenda:

(1) Opening of the Meeting

(2) Adoption of the Agenda and Organization of Work

(3) Consideration of the Report of the Second Executive Committee Meeting of RAERESA

(4) Consideration of the Draft Work Programme of RAERESA for 2010 - 2011

(5) Any Other Business

(6) Adoption of the Report and Closure of the Meeting

Organisation of Work

18. The Meeting adopted the following working hours:

Thursday, 28th January, 2010

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

Friday, 29th January, 2010

Morning - 09.00 – 12.30 hours report writing
Afternoon - 14.00 – 16.00 hours

C. REPORT OF THE SECOND EXECUTIVE COMMITTEE MEETING OF RAERESA – AGENDA ITEM 3

19. Dr. Hafez A. El-Salmawy, the Chairperson of the Portfolio Committee on Electricity, Managing Director, Egyptian Electric Utility and Consumer Protection Regulatory Agency presented the Report of the 2nd Meeting of the Executive Committee. The First Annual General (AGM) considered the report and the discussions and decisions are detailed below.

20. The First Annual General (AGM) Meeting noted that the Executive Committee of RAERESA held a meeting on 27 January 2010 whose objective was to discuss the proposed draft RAERESA's Work Progarmme before its submission to the First Annual General Meeting (AGM) of RAERESA for consideration and adoption.

21. The Meeting further noted that the Executive Committee discussed the proposed draft RAERESA's Work Programme and made relevant comments and amendments to it. The Meeting also noted that the Executive Committee held a meeting in August 2009 in Nairobi Kenya whose major objectives were to facilitate development of guidelines of Terms of Reference (TORs) for the Work Plan of the Portfolio Committees on Electricity, Oil and Gas, Renewable Energy and Environment and Energy Efficiency and also to facilitate the development of guidelines for development of RAERESA's Work Programme for 2010 and 2011.

22. The Meeting noted that PRO€INVEST, which is an EU-ACP programme that aims to promote investment and technology flows in the ACP countries, provided technical assistance to support RAERESA, to develop its capacity through development of its work programme and linkages to similar regional and international Energy Regulatory Associations. The Meeting also noted that PRO€INVEST outsourced a consultant to facilitate the development of RAERESA's Work Programme and also financed the First Annual General Meeting to consider and adopt the work programme.

23. The Meeting also noted that the guidelines of Terms of Reference (TOR) of the different Portfolio Committees as prepared by the Chairpersons of the Portfolio Committees constituted the basis for the development RAERESA's Work Programme. And that the consultant visited the Chairperson of the Plenary of RAERESA and all the Chairpersons of the Portfolio Committees for consultation and guidance. The consultant further liaised with all relevant

stakeholders in those countries she visited in order to factor their views in RAERESA's Work Programme.

D. DRAFT WORK PROGRAMME OF RAERESA FOR 2010 – 2011- AGENDA ITEM 4

24. The consultant presented, to the Annual General Meeting, the draft RAERESA's Work Programme (Document CS/ID/RAERESA-AGM/I/2) for consideration.

25. The objective of RAERESA, Work Programme is to give direction and impetus to the Regional Association of Energy Regulators for Eastern and Southern Africa (RAERESA) and to enable it to commence work to meet its mission and objectives, as set out in its Constitution, and which can be summarized as: capacity building and information sharing; development of energy sector policy and regulatory guidelines and fostering inter-regional co-operation in energy regulatory matters.

26. The Meeting was informed that the methodology that was used by the consultant to develop RAERESA's Work Programme included consultations with the Chairperson of the Plenary of RAERESA and all the Chairpersons of the Portfolio Committees and also consultation with some relevant stakeholders such as similar associations such as Regional Electricity Regulators Association of Southern Africa (RERA) and countries, cooperating partner institutions, regional and continental institutions.

27. The Meeting was further informed that the methodology also included detailed discussions with the COMESA Secretariat (the Interim Secretariat of RAERESA) and a detailed review of the documents received from the COMESA Secretariat which included the following:

a. The RAERESA Constitution;

b. Report of the meeting of Energy Regulators for the launch of RAERESA – March 2009 – including a copy of the COMESA Energy Programme and the Model Energy Policy Framework;

c. Report of the 1st meeting of the Executive Committee of RAERESA – August 2009 – including the adopted Terms of Reference for the Portfolio Committees; and

d. The Integrated Energy Planning Strategy paper which was discussed by RAERESA on March 2009 and adopted by the Third Meeting of Ministers of Infrastructure responsible for Transport, Information Communications Technology (ICT) and Energy in October 2009.

28. Based on the work of the First Meeting of the Executive Committee and the consultations carried by the consultant, a work programme which constitutes five pillars was developed. Those five pillars are as follows:

a. Capacity building and information exchange;

b. Legal and regulatory framework harmonization;

c. Development of baseline energy data base;

d. Development of an efficient and effective Secretariat and RAERESA communication; and

e. Meetings of RAERESA including Portfolio Committees and Annual General Meeting.

29. In the discussion that ensued, the Meeting underscored that countries should participate in the Portfolio Committees and they should also provide information in proper time. The Meeting further urged members to provide information to Rwanda which was tasked to develop the website of RAERESA.

30. The Meeting noted the importance of maintaining a dialogue between regulators (RAERESA) and utilities and consumer groups, The Meeting further noted the importance of involving stakeholders at policy level.

31. Regarding the conditions of Membership of RAERESA, the Meeting noted that at present no financial contributions are being levied on Members and that the level of contributions would be discussed and agreed at the next Annual General Meeting in January 2011. The Meeting also urged all those Members who have not yet provided names for the Portfolio Committees to provide names to the Secretariat.

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32. The Eastern Africa EAPP Power Pool (EAPP) reported that its major activities included activities to be financed by the European Commission. The objective of those activities is to strengthen the capability of the EAPP Permanent Secretariat to contribute in the improvement of the integration of the electricity markets of the region with a view to creating a regional electricity market. EAPP also reported that projects were being financed by the EC (market rules and power trade agreements templates), AfDB (regional power master plan and grid code) and Ministry of Foreign Affairs, Norway (coordination centre and an independent regulator), to ensure that there was a regional planning and regional power trade, technical assistance and capacity building.

33. The amended text of RAERESA's Work Programme is attached as Annex A of this report.

Decisions

34. ***The Meeting decided that:***

a. the RAERESA's Work Programme be adopted

b. urged Energy Regulators that had not yet joined the RAERESA to join; and

c. urged members and associate members to respond actively to the activities of the Portfolio Committees as well as providing any requested information.

E. ANY OTHER BUSINESS - AGENDA ITEM *5*

35. Under any other business, the Meeting reiterated that there should be a meeting for each Portfolio Committee this year, 2010. The Meeting, therefore, agreed that the Meetings of Portfolio Committees could be held as follows:

Portfolio Committee on Renewable Energy, April 2010, in Addis Ababa;

Portfolio Committee on Environment and Energy Efficiency, October 2010 in Khartoum;

Portfolio Committee on Electricity, March or October 2010, in Cairo, based on consultation with members of the Portfolio Committee; and

Portfolio Committee on Oil and Gas, November 2010, in Kigali

36. The Meeting also agreed that the Second Annual General Meeting be held in Lusaka, Zambia in January 2011.

F. ADOPTION OF THE REPORT AND CLOSURE OF THE MEETING - AGENDA ITEM 6

Adoption of the Report

37. The Meeting adopted the report with amendments.

Closing of the Meeting

38. In closing the meeting, Eng. Kaburu Mwirichia, the Chairperson of the Plenary of RAERESA and the Director General of the Energy Regulatory Commission of Kenya thanked the delegates for the active participation in the proceedings that had enabled the meeting to successfully adopt the Work Programme of RAERESA and he wished them safe journeys back to their respective homes.

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