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COMMON MARKET FOR EASTERN AND SOUTHERN AFRICA

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

Court Yard Hotel, Livingstone, Zambia

3 - 4 December, 2013

FINAL REPORT

INTRODUCTION

1. The Fourth Annual General Meeting (AGM) of the Regional Association of Energy Regulators for Eastern and Southern Africa (RAERESA) was held at Court Yard Hotel, in Livingstone, Zambia on 3 - 4 December 2013. The main objective of the Meeting was to review the annual report of activities and the effectiveness of RAERESA and to facilitate the implementation of RAERESA's work programme.

Attendance

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

Full Members

a. Ethiopian Electricity Agency of the Federal Democratic Republic of Ethiopia, Energy Regulatory Commission of the Republic of Kenya, Malawi Energy Regulatory Authority of the Republic of Malawi, Madagascar Electricity Regulation Office of the Republic of Madagascar, Rwanda Utilities Regulatory Authority of the Republic of Rwanda and Electricity Regulatory Authority of the Republic of Sudan;

Associate Members

b. Burundi, Comoros, Democratic Republic of Congo, Mauritius, Seychelles , representing their respective Ministries responsible for Energy which currently regulates the energy sector.

Observers

Electricity Regulator Authority of the Republic of Uganda (Admitted to full membership at this Plenary); and

c. The Consultants engaged to advise on the alignment of regulatory framework for renewable energy technologies for the COMESA region and on encouragement of investment and utilization of renewable energy in the COMESA region.

3. The list of participants is attached as Annex VI to this report.

A. OPENING – AGENDA ITEM 1

4. Kenya which is the current Chair of the Plenary of RAERESA chaired the meeting. In his opening remarks Eng. Buge Wasioya from Energy Regulatory Commission of Republic of Kenya welcomed the Members and Associate members of RAERESA and observers to the Fourth Annual General Meeting (AGM). He thanked the Government and people of Zambia for the hospitality accorded to the delegates since their arrival in the beautiful touristic and scenic resort town of Livingstone and for the excellent facilities that had been put at the disposal of the delegates.

5. Eng. Wasioya indicated that energy statistics for the region such as the economic cost of power outages, access to electricity, kilowatt consumption per capita and low levels of installed capacity would be a firm indication of how much work should be done so as to ensure that energy would become a key enabler to doing business and increasing the productivity of the

region's industries. In this regard, he observed that the challenges in energy networks, as well as ever increasing deficiencies in energy supply were being faced by most of COMESA countries.

6. He however, observed that sometimes good news were received from some countries in the region that they were expanding their installed capacities. Moreover, good news were also being received on issues related to oil and gas discoveries in the region.

7. Eng. Wasioya informed the meeting that some resources had been mobilized, which in turn had, facilitated the implementation of a number of activities which were contained in RAERESA's work programme. In this regard, he cited some of the activities that were implemented such as training workshops and the organization of RAERESA's Annual General Meetings and Portfolio Committee meetings which considered and adopted a number of reports such as the baseline renewable energy database and the way forward, the report on the status of accessibility and affordability of electricity in the COMESA region by Egypt, the report on the status of accessibility and affordability of oil and gas in the COMESA region by Rwanda.

8. Dr. Mohamedain Seif Elnasr, Energy Economist at the COMESA Secretariat also made some remarks through which he welcomed all delegates to the meeting and to Zambia on behalf of the COMESA Secretariat which is the Interim Secretariat of RAERESA. He also shed some light on the COMESA energy programme and RAERESA work programme as well as the evolution of RAERESA. Dr. Seif Elnasr thanked the USAID-East Africa for supporting RAERESA initiatives related to clean energy.

B. ADOPTION OF AGENDA AND ORGANISATION OF WORK – AGENDA ITEM 2

9. The Meeting considered and adopted the following agenda:

1. Opening of the Meeting
2. Adoption of the Agenda and Organization of the Work
3. Consideration of the Report of the Meeting of the Executive Committee of RAERESA
4. Consideration of the Report of the Third Meeting of the Portfolio Committee on Renewable Energy of RAERESA
5. Consideration of the Report of the Third Meeting of the Portfolio Committee on Electricity of RAERESA
6. Consideration of the Report of the Third Meeting of the Portfolio Committee on Oil and Gas of RAERESA
7. Consideration of the Report of the Second Meeting of the Portfolio Committee on Environment and Energy Efficiency of RAERESA
8. Membership of RAERESA
9. Any Other Business

10. Adoption of the Report and Closure of the Meeting

Organisation of Work

10. The Meeting adopted the following working hours:

Tuesday, 3rd December 2013

Morning - 08.30 – 12.430 hours
Afternoon - 14.00 – 17.00 hours

Wednesday, 4th `December, 2013

Morning - 08.00 – 12.30 hours report writing
Afternoon - 15.00 – 16.00 hours adoption of the report

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

11. Eng. Buge Wasioya from Energy Regulatory Commission of Republic of Kenya presented the Report of the 6th Meeting of the Executive Committee. The Fourth AGM considered the report and the discussions and recommendations as detailed below.

12. The Fourth AGM noted that the Executive Committee of RAERESA held a meeting on 2 December 2013 whose objective was to review the annual report of activities and the effectiveness of RAERESA and to facilitate the implementation of RAERESA's work programme.

13. The Meeting further noted that the Executive Committee discussed the Reports of the Third Meeting of the Portfolio Committee on Renewable Energy of RAERESA which was held in Livingstone, Zambia on 28 – 30 November 2013. The Meeting further noted that this report would be presented to the Meeting as a substantive agenda item for further consideration.

14. The Meeting also noted that the Executive Committee discussed the report of the Third Meeting of the Portfolio Committee on Electricity held in Cairo, Egypt on 29 - 30 September 2013 and made relevant comments. The Meeting further noted that this report would be presented to the Meeting as a substantive agenda item for further consideration.

15. The Meeting then noted that the Executive Committee discussed the report of the Third Meeting of the Portfolio Committee on Oil and Gas held in Kigali, Rwanda on 24 - 25 September 2013 and made relevant comments. The Meeting further noted that this report would be presented to the Meeting as a substantive agenda item for further consideration.

16. The Meeting further noted that the Executive Committee also discussed the report of the Second Meeting of the Portfolio Committee on Environment and Energy Efficiency which was held in Livingstone, Zambia on 8 - 9 July 2013 and made relevant comments. The Meeting also noted that this report would be presented to the Meeting as a substantive agenda item for further consideration.

17. The Meeting also asked the Executive Committee and the Secretariat to organize visits to Member States to appreciate what was on the ground and also to support their activities related to energy regulatory regimes.

18. The Meeting noted that the Executive Committee Meeting considered issues related to the Membership of RAERESA which would considered as substantive agenda for further consideration.

Decisions

19. ***The Meeting decided as follows:***

- ***a. The 5th Annual General Meeting of RAERESA be held in August 2014 in Lusaka, Zambia and be preceded by the Meeting of the Executive Committee;***
- ***b. The Meeting of the Portfolio Committee on Renewable Energy be held in February 2014, in Lusaka, Zambia;***
- ***c. The Meeting of the Portfolio Committee on Electricity be held in March 2014, in Alexandria/Sharam El Skheikh, Egypt;***
- ***d. The Meeting of the Portfolio Committee on Environment and Energy Efficiency be held in April 2014, in Khartoum, Sudan ;***
  The Meeting of the Portfolio Committee on Oil and Gas be held in May 2014, in Lusaka, Zambia.

20. However, the meeting agreed that each Portfolio Committee would decide on actual date in consultation with the Secretariat.

D. CONSIDERATION OF THE REPORT OF THE THIRD MEETING OF THE PORTFOLIO COMMITTEE ON RENEWABLE ENERGY OF RAERESA – AGENDA ITEM 4

21. Mr. Getahun Moges, Director General of the Ethiopia Electricity Agency and the current Chairperson of the Portfolio Committee on Renewable Energy of RAERESA presented the report of the Third Meeting of the Portfolio Committee on Renewable Energy which was held in Livingstone, Zambia on 28 -30 November 2013.

The Draft Report on the Alignment of Regulatory Framework for Renewable Energy Technologies in the COMESA Region

22. The Meeting noted that Frank Energy Consultants Ltd, was engaged to advise on the alignment of regulatory framework for renewable energy technologies in the COMESA region.

23. The objective of the alignment of regulatory framework for renewable energy technologies in the COMESA region was to facilitate the harmonization of regulatory frameworks for renewable energy technologies in an effort to facilitate the attainment of the following:

a. make the environment conducive to renewable energy sub-sector's investments, in particular, encouragement of private sector investment and participation;
b. facilitate trade in renewable energy technologies; and
c. promote the use of renewable energy technologies.

24. It was envisaged that the output of this consultancy service would contribute to the Global Climate Change (GCC) goal of reducing long-term emissions trends in the energy sector among countries in the region by transitioning them to low greenhouse gases emitters.

25. The Meeting noted that the key findings of the report were as follows:

a. All COMESA Member States have huge unexploited renewable energy resources than those currently in use, in many cases what was being used was but a very small fraction of the actual potential;

b. Countries with the least Gross Domestic Product (GDP), were also those with a high ratio of potential to in-use renewable energy resources, thus renewable energy resources, properly exploited, could potentially propel these countries out of their economic predicament to better prosperity;

c. 84% of the COMESA Member States had published specific (stand-alone renewable energy policy) renewable energy technology policies or guidelines than those with the all-encompassing energy policy (68%), indicating that many were aware of the important role renewable energy should play in their economies and, therefore, requiring proper guidance;

d. Countries could be ready to manage their renewable energy resources by putting in place clear laws and regulations, which should be a pre-requisite for more serious private sector investment in renewable energy projects;

e. More than half (53%) of these countries had put in place a regulator whose mandate would cover renewable energy technologies, once again putting these resources into focus;

f. While the world trend was to include large hydro schemes in the category of renewable energy, a sizeable number (32%) of COMESA States had not yet done so in their publications, and such countries might fail to utilize these large scale hydropower projects to gain access to the Carbon Trade Markets;

g. The regional potential bonanza would lie in the region's countries embracing either open bid out options for their renewable energy technologies to the private developers or the Feed-in-Tariffs. This would have potential to get developers on board much faster than the currently predominant un-solicited bids option. The later could be cumbersome to the regulator or power off-taker who should determine whether the uninvited bidder would be offering the best terms and tariffs; and

h. The low numbers of COMESA Member States with a bid out approach (10%) and those with Feed-in-Tariffs (16%) points to a potential opportunity for the region to exploit renewable energy resources for the good of their peoples.

26. As the study recommended, with regard to renewable energy framework for the COMESA region, the Meeting noted that the report proposed that the COMESA Member States should agree to address their renewable energy resources development as a region at two levels, policy coordination level and technical coordination level.

27. The Meeting noted that this was a follow up on renewable energy initiatives which had generated the baseline renewable energy database for the COMESA region which had made some recommendations including the study on alignment of regulatory framework for renewable energy technologies in the region. The Meeting also noted that this study report further proposed that the deployment of renewable energy technologies in the COMESA for the short to medium term should be guided by COMESA principles, with more emphasis on each Member State renewable energy policy. COMESA should, therefore, encourage its members to do the following:

a. Put in place private investment incentive policy mechanisms e.g. Feed-in-Tariff guidelines;
b. Prioritize the national renewable energy technologies according to abundance, maturity of technology, proximity of consumers to off-taker grid and least cost technology within the State economic framework; and
c. Ensure implementation of private investment incentive mechanisms guidelines/regulations.

28. The Meeting further noted that the study propose some mechanisms which were expected to promote renewable energy investments such as developing a comprehensive renewable energy resource map of the region and the use of hybrid feed-in-tariffs, public private partnerships, and joint development of renewable energy projects.

29. The Meeting underscored the need to agree on some guiding principles that would promote investment in renewable energy through aligning of regulatory framework for renewable energy technologies in the COMESA region.

30. Moreover, the Meeting stressed the need to develop credible renewable energy resources maps. The meeting also underscored that these guidelines should be in line with the international practice.

31. The Meeting agreed on the following guidelines:

a. Requirement that Member States to have comprehensive energy policy or standalone renewable energy policy;
b. Effective regulatory regimes would be required for renewable energy development and support to off-grid rural electrification systems through promotion of renewable energy technologies as may be relevant to each country;
c. High level renewable energy programme for human and technology development by Member States vis-à-vis the resource endowment;
d. Joint/coordinated development of renewable energy resources where appropriate;
e. Governments to leverage finance for renewable energy through some form of conventional Feed-in-Tariff, competitive bidding and hybrid;
f. Public Private Partnership institutional and legal framework could address prevailing challenges such as technology transfer, provision of capital, legal and institutional framework;
g. The COMESA Secretariat should enhance its own data bank while recognizing the benefit of linking to other data banks such as the AFREC data bank ; and
h. Coordination role of COMESA must be recognized and supported.by all members.

32. The Meeting noted that the first part of the report was a statistical record about countries and some of which changed with the passing of months and required updating to November 2013. In this regard, the Meeting urged the Consultant to update the country statistics in three weeks' time, i. e., third week of December 2013 in readiness for the meeting to be held in February 2014 to further consider and validate it.

33. The draft report on the alignment of regulatory framework for renewable energy technologies in the COMESA is attached as annex I to this report.

Decisions

34. ***The Meeting agreed on the following recommendations for use at high level organs of Member States when considering investment issues related to renewable energy:***

- ***a. Requirement that Member States to have comprehensive energy policy or standalone renewable energy policy;***
- ***b. Effective regulatory regimes would be required for renewable energy development and support to off-grid rural electrification systems through promotion of renewable energy technologies;***
- ***c. High level renewable energy programme for human and technology development by Member States vis-à-vis the resource endowment;***
- ***d. Joint/coordinated development of renewable energy resources where appropriate;***
- ***e. Governments to leverage finance for renewable through some form of conventional Feed-in-Tariff, competitive bidding and hybrid;***
- ***f. Public Private Partnership systems could address prevailing challenges such as technology transfer, provision of capital, legal and institutional framework;***
- ***g. The COMESA Secretariat should enhance its own data bank while recognizing the benefit of linking to other data banks such as the AFREC data bank ; and***
- ***h. Coordination role of COMESA must be recognized and supported.by all members.***

35. ***The Meeting decided that the above be included in clear guidelines under the following headings:***

- ***a. Regulatory Framework and off-grid electrification;***
- ***b. Effective regulatory regimes as a requirement for renewable energy development;***
- ***c. High level Programme on R&D related to technology and human resource development; and***
- ***d. Jointly coordinated development of renewable energy resources;***

36. ***The Meeting decided that the structure of all the guidelines on the topics listed above must follow the standard COMESA format, such as COMESA model energy policy guidelines.***

37. ***The Meeting made the following further decisions:***

a. ***The Consultant should get more information from Member States in 2 weeks from 1st December 2013;***
b. ***The Consultant should submit an updated version of the study to COMESA Secretariat by the 3rd week of December 2013.***
c. ***The report should be circulated to Member States in order to submit their comments by the second week of January 2014.***
d. ***The Portfolio Committee on Renewable Energy or smaller group should meet before the end of February 2014 to further consider and validate the report.***

The Draft Report on the Encouragement of Investment and Utilization of Renewable Energy Resources in the Comesa Region

38. The Meeting noted that Menelisi Consulting CC consultancy had been engaged to advise on the promotion of investment and utilization of renewable energy resources in the COMESA Region. The objective of this consultancy was to advise on and come up with an investment strategy and incentives in order to promote investments and utilization of renewable energy resources in the COMESA region.

39. The specific objective of the consultancy service was to find ways to increase investment in renewable energy resources and to spur their growth in efforts to facilitate the attainment of the following:

a. To make the case for investments in renewable energy resources in the COMESA region, in particular, encouragement of private sector's investments and participation;
b. To facilitate trade in renewable energy technologies; and
c. To promote the use of renewable energy technologies.

40. In terms of the deliverables, the Meeting noted that the consultant was required to produce a report which should also include, among others, a legal, institutional framework model (guidelines) for Public Private Partnership (PPP); a model feed-in-tariff for the COMESA region so that countries could be able to customize according to their specificities; a model Power Purchase Agreement (PPA) specific to the different renewable energy technologies so that countries could be able to customize according to their specificities; a model framework for joint development of renewable energy , a occasionally shared by two or more COMESA countries or otherwise such as; hydro power, wind, geothermal, solar, thermal, etc.; and identification of at least three bankable project proposals for financing.

41. The Meeting noted that the report put forward a number of recommendations which would be expected to play a critical role in promoting investment in renewable energy. Those recommendations included policy, project finance model, accessing global funds, capacity building, renewable energy incentives, public private partnership, standard power purchase agreement, research and development, renewable energy technology, integration of energy markets, electricity distribution for rural electrification, solar powered telecommunication devices, and reducing costs and risks.

42. As a way forward, the Meeting noted that the report identified a number of priority areas for action, which included renewable energy regulation and policy, renewable energy incentives, public private partnership framework, publicizing COMESA projects at feasibility stage, renewable energy resource map, and development of a biofuels industry.

43. The Meeting recommended that the structure of all the guidelines on the topics listed below must follow the standard COMESA format, such as COMESA model energy policy guidelines.

44. The Meeting noted the following:

a. The introduction and overview of the renewable energy be kept as is;
b. In chapter 3 – Renewable Energy in COMESA - any data and additional information on projects be sent to the consultant within 2 weeks. Otherwise the section was accepted;

45. On chapter 4 – Feed-in-Tariffs – the Meeting deliberated on the scope of the project and the participants agreed that the FIT chapter should assume the features of guidelines but in the content should be general and not prescriptive. The experience of COMESA Member States namely, Kenya, Uganda, Rwanda and Mauritius should be included in the guidelines, however, experiences of other regions used or discussed should also be retained. The meeting also agreed that the FIT guideline should include the following headings:

i. What are Feed-in-tariffs?
ii. COMESA experience in feed-in-tariff as well as Western experience including shortcomings in feed-in-tariffs
iii. Institutional Arrangement – who is responsible for what?
iv. Drafting of Feed-In Tariff Laws (as in 4.2 in the draft document)
v. Design Options for RE FIT (as in 4.3 in the draft document – include benchmarking in 4.3.4)
vi. Hybrid System – (FIT & Bidding Process)
vii. Feed-In-Tariff Analysis in COMESA (updated 4.4, p63);

46. On chapter 5 – Public Private Partnership, the Meeting noted that the report covered a wide range of PPPs and the discussion should be relevant to COMESA, and should emphasize on PPP experience in some COMESA countries such as those with operational PPP Laws and PPP Units. The forms of PPPs that are unlikely to be adopted by COMESA should only be highlighted for information purposes. It was also noted that there was an ideological shift in that Member States would now accept PPPs; however, implementation would remain a problem. The meeting agreed that the guidelines for the PPP structure should cover the following:

i. Why does COMESA need PPPs – the rationale?
ii. Institutional framework
iii. Lessons learned from PPPs
iv. Leverage Funds
v. Blending Financing in order to reduce costs and risks
vi. Some discussion of which risk must be taken by which party
vii. PPP Sustainability
viii. PPP Models
ix. PPP project development (draw closer on COMESA, third world experience)
x. PPP arrangements in COMESA [updated country table];

47. On Chapter 6 - Power Purchase Agreement, the Meeting agreed that there was a need for a standard PPA to be used as a reference document by the Regulators – annexed proposed

PPA should be critiqued with track changes where required. The Meeting also emphasized that guarantees should be adequately dealt with. The meeting agreed that the guidelines for the PPA section should be:

i. A fixed term length of the Agreement (may be subject to review every 5 years, pros & cons & what must be reviewed)
ii. Commissioning Process
iii. Sale and Purchase
iv. Pricing Issues (include annual price adjustment, price formula review period)
v. Operational Curtailment
vi. Transmission Issues
vii. Creditworthiness
viii. Risk Structure (include all risks)
ix. Insurance (more details on challenges of issuing risk in Africa & options used to solve this (World Bank, MIGA)
x. Milestones and Defaults
xi. Environmental Attributes and Credits
xii. Termination after Commissioning
xiii. What happens at the end of the Agreement (BOOT, etc)
xiv. The annexures – the standard PPA - must be retained

48. On Chapter 7 – Joint development of renewable energy projects amongst COMESA Member States, the Meeting observed that there were joint ventures in the region, notably in Rwanda, Burundi & DRC (SINELAC, etc) as well as Zambia and Zimbabwe. The chapter should be enhanced to include the experience of these countries and approaches used from inception to operation. This must be done with the framework given in 7.1 – 7.6 of the draft document and the extent of the detail would depend on the information from these Member States. In addition, experiences in other regions (SADC) could be used in the absence of information from Great Lakes region.

49. The draft report on encouragement of investment and utilization of renewable energy in the COMESA region is attached as annex II to this report

Decisions

50. ***The Meeting agreed on the following recommendations on the development of guidelines for use at high level organs of Member States when considering investment issues related to renewable energy:***

Feed-In-Tariffs (FIT) Guidelines

51. ***FIT guidelines should focus on the following:***

a. Feed-in-tariffs should be defined and its rationale should be clearly articulated;
b. COMESA experience in feed-in-tariff as well as Western experience in feed-in-tariffs;
c. Institutional arrangement in support of FIT;
d. Drafting of Feed-In-Tariff guidelines is critical;
e. Design options for renewable energy Feed-In-Tariffs;
f. Consideration of hybrid systems (FIT & bidding process); and

g. ***Feed-In-Tariff analysis in COMESA region.***

Public Private Partnership (PPP) Guidelines

52. ***The PPP guidelines should cover the following:***

a. ***The rationale for PPPs in the COMESA region;***
b. ***Institutional Framework;***
c. ***Lessons learned from PPPs in COMESA region and beyond;***
d. ***How PPPs can be used to leverage funding for RE projects;***
e. ***Blending financing in order to reduce costs and risks;***
f. ***Some discussion of risk allocation amongst the parties;***
g. ***How PPPs could be sustained;***
h. ***There should be more emphasis on PPP Models applicable to the COMESA region;***
i. ***Discussion of PPP project development process drawing on COMESA and third world experiences; and***
j. ***An updated summary of PPP arrangements in the COMESA region.***

Power Purchase Agreements (PPA) Guidelines

53. ***The PPA guidelines should focus on:***

a. ***Overall Length of the agreement, including intermediate reviews;***
b. ***The processes from inception to commissioning;***
c. ***Sale and purchase arrangements;***
d. ***Pricing issues (include annual price adjustment, price formula review period);***
e. ***Operational curtailment;***
f. ***Transmission issues;***
g. ***The creditworthiness of the parties;***
h. ***Risk structure (include all risks);***
i. ***Risk insurance matters;***
j. ***Milestones and consequences of defaulting;***
k. ***Environmental attributes and carbon credits;***
l. ***Consequences of termination after commissioning; and***
m. ***What happens at the end of the agreement (BOOT, etc.)***

54. ***Joint Development of Projects***

Guidelines on joint development of projects should focus on the following:

a. ***Regional experience, especially Rwanda, Burundi and DRC as well as Zambia and Zimbabwe;***
b. ***experiences in other regions (SADC) could be used in the absence of information from Great Lakes region; and***
c. ***This must be done with the framework given in 7.1 – 7.6 of the draft document.***

55. ***The meeting decided that the structure of all the guidelines on the topics listed above must follow the standard COMESA format, such as COMESA model energy policy guidelines.***

56. ***The Meeting made further decisions:***

- ***a. The Consultant should get more information from Member States in 2 weeks from 01/02/2013;***
- ***b. The Consultant should submit an updated version to COMESA secretariat by the 3rd week of December 2013.***
- ***c. The report should be circulated to Member States in order to submit their comments by the second week of January 2014; and***
- ***d. The Portfolio Committee on Renewable Energy or smaller group should meet before the end of February 2014 to further consider and validate the report.***

E. CONSIDERATION OF THE REPORT OF THE THIRD MEETING OF THE PORTFOLIO COMMITTEE ON ELECTRICITY OF RAERESA – AGENDA ITEM 5

57. Eng. Abdelhafiz Fadl Alla Babikir Elabbas from the Electricity Regulatory Authority of Sudan (Erasudan), Ministry of Water Resources and Electricity, Sudan, presented to the Meeting the report of the Third Meeting of the Portfolio Committee on Electricity of RAERESA which was held in Cairo, Egypt on 29 – 30 September 2013.

Electricity Regulatory Status

58. As a background, the Meeting was informed that the initiative on the current regulatory status of the COMESA countries was related to the RAERESA Work Programme (Pillar 2). Pillar 2 provides that a task force should complete a survey of all 19 member countries to determine how the energy sector is regulated and that the task force should also monitor the compliance and enforcement of local energy market as well as the regional markets. Moreover, it is expected that the survey will explore the current regulatory status of the electricity sector and the opportunities and difficulties of further market integration from a legal, technical and financial aspects.

59. In terms of procedures, the Meeting noted that a fact sheet had been designed and was sent to member countries and some responses were received and that analysis would accordingly be undertaken. In this regard, the Meeting was informed that eight countries, namely Comoros, Democratic Republic of Congo (DRC), Egypt, Ethiopia, Kenya, Madagascar, Rwanda and Sudan were able to complete and submit the questionnaire to Egypt and the Secretariat.

60. The Meeting noted that Member States, present at the meeting held in Cairo, namely Comoros, Democratic Republic of Congo (DRC), Egypt, Ethiopia, Rwanda and Sudan were invited to make presentations on electricity regulatory status of their countries against the data collection format (fact sheet). In this regard, they made short reports in which they made submissions focusing on issues contained in the data collection format.

61. It is, therefore, expected that this exercise will assist Egypt to prepare a report on electricity regulatory status for the COMESA region, whose major objective is to enhance the increasing integration of energy systems and energy trade in the COMESA region and beyond.

62. On this account, the Meeting was informed that Egypt had submitted a draft report which would be thoroughly considered in the next meeting of the Portfolio Committee on Electricity.

63. In terms of methodology to be used, the Meeting noted that a fact sheet had already been prepared and sent to 19 countries. The Meeting further noted that this fact sheet was based on previously adopted format, for the Association of Mediterranean Energy Regulators (MedReg), by the Egyptian Electric Utility and Consumer Protection Regulatory Agency, to evaluate the current status of the electricity market and regulatory framework in each country.

64. A draft report on electricity regulatory status in the COMESA region is attached as Annex III to this report.

Decisions:

65. ***The meeting decided as follows:***

- ***a. The draft report should be circulated to the Members of the Portfolio Committee immediately;***
- ***b. Member of the Portfolio Committee to submit their comments on the report by the second week of February 2014; and***
- ***c. Accordingly the draft report will be submitted for consideration by the meeting of the Portfolio on Electricity of RAERESA by March 2014.***

F. CONSIDERATION OF THE REPORT OF THE THIRD MEETING OF THE PORTFOLIO COMMITTEE ON OIL AND GAS – AGENDA ITEM 6

66. Eng. Alfred D. Byigero, Head of Department, Energy, Water and Sanitation Regulation, Rwanda Utilities Regulatory Authority requested the Secretariat to present to the Meeting the Report of the Third Meeting of the Portfolio Committee on Oil and Gas which was held in Kigali, Rwanda on 24 – 25 September 2013.

The Draft Report on the Status of Accessibility and Affordability of Oil and Gas in the Comesa Region

67. The Meeting was informed that a draft report on the status of accessibility and affordability of oil and gas l in the COMESA region was drafted by Rwanda in accordance with pillar three of the joint RAERESA work programme (2013-2015). The main objective of the report was to facilitate the development of recommendations on issues affecting the economic efficiency of energy interconnections and energy trade among members. The specific objective of the accessibility and affordability survey, through questionnaires, was to get updated information on the status of accessibility and affordability of oil and gas among the member countries of RAERESA.

68. The Meeting was further informed that only seven countries, namely Democratic Republic of Congo (DRC), Ethiopia, Kenya, Madagascar, Rwanda, Sudan and Seychelles used the questionnaire and provided information on their status of accessibility and affordability of oil and gas and then they submitted the completed questionnaire to Rwanda and to the COMESA Secretariat.

69. The report provides country general information as well as legal and regulatory framework. It also provides information on availability of oil and gas as well as oil and gas

infrastructure in terms of storage facilities, refineries and pipelines. Moreover, the report sheds light on the on-going projects and programmes, in pipeline, related to oil and gas. The report further provides information related to factors affecting oil and gas accessibility and affordability and mitigation measures on oil and gas accessibility and affordability.

70. The Meeting noted that the report would require deep analysis, should the information be available. Moreover, the Meeting underscored the necessity of adopting a new strategy to positively encourage COMESA countries to attend RAERESA meetings and actively participate in the deliberations and discussions in order to achieve the objectives of RAERESA. The meeting also agreed that challenges in responding to COMESA questionnaires should be communicated to the COMESA Secretariat with copy to the Regulator chairing the concerned portfolio committee, and that the status of implementation of RAERESA work programme should be part of the agenda of the upcoming meetings of the Portfolio Committees.

71. The Meeting took note of the fact that countries should update the information that would require updating immediately and submit it to Rwanda.

72. On the issues of communication related to the affairs of the Portfolio Committee, in particular, the request for information, the meeting noted that Rwanda, as the Chair of the Portfolio Committee on Oil and Gas, was requested to write official letters directly to the counterparts requesting for such information. The Meeting further noted that those letters should be copied to the COMESA Secretariat for record and follow up purposes. It is expected that this procedure would facilitate smooth and direct communication between the Chair and members of the Portfolio Committee.

73. The agreed draft report on the status of accessibility and affordability of oil and gas in the COMESA region is attached as Annex IV to this report.

Decisions:

74. ***The Meeting decided that:***

- ***a. Comoros is yet to submit the completed questionnaire and should do so as soon possible;***
- ***b. on communication related to the affairs of the Portfolio Committee, in particular, the request for information, the Chair of the Portfolio Committee should write directly to his counterparts requesting for such information, and copying the COMESA Secretariat;***
- ***c. a new strategy should be adopted in order to positively encourage COMESA countries to attend RAERESA meetings and actively participate in the deliberations and discussions that would lead towards achieving the objectives of RAERESA;***
- ***d. challenges in responding to COMESA questionnaires should be communicated to the COMESA Secretariat with copy to the Regulator chairing the concerned portfolio committee;***
- ***e. the status of implementation of RAERESA work programme should be part of the agenda of the upcoming meetings of the portfolio committees; and***
- ***f. the report on the status of accessibility and affordability of oil and gas in the COMESA region has been improved and should be ready for adoption.***

G. CONSIDERATION OF THE REPORT OF THE SECOND MEETING OF THE PORTFOLIO COMMITTEE ON ENVIRONMENT AND ENERGY EFFICIENCY OF RAERESA – AGENDA ITEM 7

75. Eng. Abdelhafiz Fadl Alla Babikir Elabbas from the Electricity Regulatory Authority of Sudan (Erasudan), Ministry of Water Resources and Electricity, Sudan presented the report of the Second Meeting of the Portfolio Committee on Environment and Energy Efficiency, which was held in Livingstone, Zambia on 7 – 8 July 2013.

Draft Report on the Status of Environment and Energy Efficiency in the Electricity Sector in the COMESA Region

76. The Meeting noted that the main objective of the draft report on the status of environment and energy efficiency in the electricity sector in the COMESA region was to demonstrate the importance of energy efficiency in reducing greenhouse gas (GHG) emissions and to demonstrate the improvement in energy efficiency in buildings and appliances, among others.

77. The report contains four sections. Section1 focuses on country information. Section 2 provides detailed information on power system generation. Section 3 outlines transmission and distribution. Section 4 focuses on management and legal.

78. The Meeting noted this report and discussed the position of five countries from energy efficiency view point because they were the ones who submitted information through completing the questionnaire on status of the energy efficiency and environment in the electricity sector. These countries are namely Ethiopia, Kenya, Rwanda, Seychelles and Sudan.

79. The Meeting noted that Sudan also prepared another questionnaire on environment and energy efficiency , part 2 concerning demand side of the electricity network. It is meant to complement the report on the status of the environment and energy efficiency in the electricity sector. The Meeting further noted that the questionnaire included the comments of the Members of the Portfolio committee.

80. The draft report on the status of the energy efficiency and environment in the electricity sector in the COMESA is attached as Annex V to this report.

Decisions

81. ***The Meeting decided that:***

a. ***countries which had not yet completed the questionnaire on the status of the environment and energy efficiency in the electricity sector in the COMESA (part 1) and part II be urged to complete it by beginning of February 2014, and sent it to Sudan and the COMESA Secretariat;***

b. ***a period of two months be given to those countries which had already completed the first questionnaire (part 1) to complete the second questionnaire (part 2) on energy efficiency and environment, i. e., by beginning of February 2014;***

c. ***capacity building, in terms of training workshops, on the issue related to certification of energy auditors and energy managers, funding and energy***

efficiency fund, experience, scholarship on awareness campaigns in Member States would be required for RAERESA members and the COMESA Secretariat should exert all necessary efforts to mobilize resources to undertake this proposed capacity building programme; and

d. ***those countries which may have expropriation laws can share them with those who have not yet developed them and demonstrate their implementation.***

H. MEMBERSHIP OF RAERESA - AGENDA ITEM 8

82. The Meeting recalled the decision of the 3rd Meeting of Ministers of Infrastructure responsible for Transport, Information Communications Technology (ICT) and Energy held in Djibouti City, Djibouti on 28th October 2009 that Energy Regulators that had not yet joined RAERESA be urged to join.

83. The Meeting also recalled the invitation of the 3rd AGM of RAERESA which was held in Lusaka, Zambia on 18 - 19 September 2012, to observers namely, Swaziland, Uganda, and Zambia to make observations on their status regarding joining RAERESA membership. The meeting further noted that they all indicated enthusiasm for joining in the very near future.

84. In this regard, the meeting noted that the Secretariat had officially invited the observers to join RAERESA as per the Decision of the 3rd Meeting of Ministers of Infrastructure responsible for Transport, ICT and Energy.

85. In a response to Ministers' decision on the matter and the invitation that was sent by the Secretariat, the Meeting was informed that Uganda had formally communicated the decision of the Electricity Regulatory Authority (ERA) of the Republic of Uganda to be a full member of the RAERESA.

86. It is worth noting that the 7th Meeting of Ministers of Infrastructure responsible for Transport, ICT and Energy held in Kampala, Uganda on 12 – 13 September 2013 noted that Uganda had applied to join RAERESA, and Zambia was considering becoming a member too.

87. Based on the above, the Meeting agreed to approve the full membership of the ERA of the Republic of Uganda to RAERESA, as membership is open to energy regulatory bodies in each Member State within COMESA region.

88. The meeting requested ERA representative to reconfirm their desire to become full members of RAERESA which he did.

89. Based on the above, the Meeting Chairman called for objections if any for the admission of Uganda as full member of RAERESA and no objection was raised. The meeting, therefore, agreed unanimously that the Electricity Regulatory Authority (ERA) of Uganda should become a full member of RAERESA.

90. The Meeting further agreed that Uganda should soon nominate its officials to the Portfolio Committees of RAERESA.

Decision:

91. ***The Meeting approved the full membership of the Electricity Regulatory Authority (ERA) of the Republic of Uganda to RAERESA.***

I. ANY OTHER BUSINESS - AGENDA ITEM 10

92. The Meeting stressed that the countries should be committed to attending various RAERESA meetings and to responding promptly and sufficiently to address the information, data and feed-back requests from various RAERESA activities. The meeting also urged that the AGM should take responsibility to assign relevant professionals in the Portfolio Committees and support them to consistently and diligently participate in the activities of the Portfolio Committees.

93. The Meeting asked the Secretariat to give a brief on the implementation of the RAERESA's work programme. Following this request, the Secretariat informed the Meeting on the implementation of the RAERESA' work programme as follows:

a. Capacity building and information exchange

- organization of a training workshop on energy sector reform and restructuring, regulatory practices and regulatory guidelines, and utility benchmarking in 2011

b. Legal and regulatory framework harmonization

- a Consultant has been engaged to facilitate alignment of regulatory frameworks for renewable energy technologies for the COMESA; and
- a consultant has also been engaged to advise on encouragement of investment and utilization of renewable energy in the COMESA region.
- electricity regulatory status whose draft has been prepared by Egypt

c. Development of baseline energy data base

- development of the baseline renewable energy database and the way forward by a number of National Consultants and a Lead Consultant in 2011
- organization of a workshop to validate the baseline renewable energy database and the way forward in 2011;
- the report on the status of accessibility and affordability of electricity in the COMESA region by Egypt
- the draft report on the status of accessibility and affordability of oil and gas in the COMESA region by Rwanda
- a draft report on the status of the energy efficiency and environment in the electricity sector in the COMESA region in progress by Sudan which is in progress

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

- Initiatives to develop RAERESA website by Rwanda
- Initiatives to develop and design African Energy Expert Database (AEED) by Egypt

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

- organization of four Annual General Meetings
- organization of six meetings of the Executive Committee
- organization of three meetings of the Portfolio Committee on Renewable Energy, Electricity and Oil and Gas and two Meetings of the Portfolio Committee on Environment and Energy Efficiency

Decisions:

94. ***The Meeting made the following decisions:***

a. The Meeting acknowledged the snapshot of RAERESA work programme presented by the RAERESA Secretariat, but requested the latter to soon avail a comprehensive written report on the actual implementation status of different activities under each of the 5 pillars of the RAERESA work programme along with the corresponding budget incurred; and

b. ***The Meeting further stressed the need to have the actual status of RAERESA work programme as a substantive agenda item of future Executive Committee and the Annual General Meetings for possible adjustments and/ or amendments***.

J. ADOPTION OF THE REPORT AND CLOSURE OF THE MEETING

Adoption of the Report

95. Through a motion by Ethiopia which was seconded by Malawi and Mauritius, the meeting adopted the report with the amendments.

Closure of the Meeting

96. In closing the meeting, the Chairperson thanked the delegates for the active participation in the proceedings that had enabled the meeting to successfully adopt its report and he wished them safe journeys back to their respective homes.

ANNEX IV

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