



Legal Framework Assessment Support to AUC in the Development of a Legal Harmonised Continental Regulatory Framework for the Energy Sector in Africa



EU SE4All Technical Assistance Facility Eastern and Southern Africa

A project implemented by



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General Objective of our assignment

- TAF support the AUC/department Infrastructure Energy (DIE) which aims to analyse existing regional and continental regulations in the African Energy sector.
- Identify gaps, recommend best practices and implement action plans in developing a harmonised continental and regional regulatory framework.
- Having a harmonized regulatory framework will go a long way to support -the INGA Project, which is a flagship of Agenda 2063, and -the extension of transmission lines



Specific objectives

- Assess existing institutions, at national, regional and continental levels,
- Identify gaps, weaknesses and opportunities,
- Identify best practices for replication,
- Develop regional and continental harmonised regulatory frameworks and identify implementation modalities,
- Develop action plans in the short, medium and long term,
- Recommend strategies and continental actions for the development of a harmonised electricity market



Progress at the end of phase 1

Phase 1, inception and assessment, duration 5 months starting in October 2015:

- Analysis of institutions concerned with energy regulation,
- 1st mission in Addis and regional missions (Namibia-EE; Abidjan-PIDA Week),
- Draft report under finalisation on:
 - The situation at national, regional and continental levels,
 - comparison of regional and continental institutions,
 - best practices
 - Assessment of opportunities,
 - Recommended actions,
 - Priorities and preliminary conclusions

Preliminary recommendations are based on

- Analysis of existing regional and continental regulations, in the perspective of the regional and continental electricity markets;
- Analysis and benchmarking of national legislation with best African and international practices;
- Review of gaps to be bridged by a number of African countries, of weaknesses of some other countries, and barriers to the introduction of reforms;
- Identification of actions which could be undertaken by regional and continental institutions to facilitate the harmonisation / convergence of regional and national regulations

Proposed Actions (1)

- Regulatory frameworks, policies and practices at national level have been analysed according to 18 type of actions.
- Best practices, gaps and weaknesses of regional institutions (RECs, power pools, regulatory authorities and regulators' associations) have been analysed according to 22 criteria.

8 + 3 actions have been identified,

- combining references to regional and national issues / criteria
- to be undertaken under the responsibility of continental and/or regional institutions.
- with indications about modalities, resources and time frame

Proposed Actions (2)

1. Regional Legislation and Regulation: creating a framework for regional electricity market rules, and obligations for member countries of the RECs
2. Governance and organisation of Power Pools and Regional Regulatory Authorities
3. Operating guidelines, market rules and grid codes for regional electricity exchanges
4. Contracts and Tariffs for cross-border energy exchanges; PPAs, connection and use of network agreements
5. National legislation and power sector organisation to be compatible with the development of regional markets (unbundling, competition in generation, third party access, corporatization of utilities, etc.)
6. Public private partnerships creating a framework for sustainable private sector investment in generation, for major interconnections, and for improving the performance of electricity distribution.

Proposed Actions (3)

7. Capability building of national regulators and public service standards: rapid adoption of tools and methods; implementation of harmonised standards (e.g. quality and security of supply).
 8. Infrastructure development: planning, financing, project preparation and supervision of investment for transmission, major interconnections, and generation of regional or continental interest
- A **Electricity Access**: sustainable peri-urban and rural electrification, combining different technical and commercial solutions (grid and off-grid)
- B **Renewable Energy**: strategies and sustainable actions to support the development of renewable energy, particularly for electricity generation
- C **Energy Efficiency**: promotion of strategies to improve the energy efficiency of African economies and electric power sectors.

Priorities and Required Inputs (1/2)

	Group of subjects	Priority	Importance of national required effort / resources	Required input from regional institutions	Required input from continental institutions
1	Regional Legislation and Regulation	High	Moderate	Significant	Significant
2	Governance and experience of the Power Pool and of the Regional Regulatory Authority	Medium	Moderate	Limited	Limited
3	Market rules and grid codes	High	Important	Important	Moderate
4	Contracts and Tariffs	High	Important	Important	Important
5	National legislation and power sector organisation	High	Important	Important	Significant

Priorities and Required Inputs (2/2)

	Group of subjects	Priority	Importance of national required effort / resources	Required input from regional institutions	Required input from continental institutions
6	Public private partnerships	High	Significant	Significant	Important
7	National regulators and public service standards	Medium	Important	Limited	Significant
8	Infrastructure development planning and implementation	Medium	Important	Significant	Limited
A	Electricity Access	High	Important	Limited	Limited
B	Renewable Energy	High	Important	Important	Limited
C	Energy Efficiency	High	Significant	Significant	Limited

Priorities at continental level

- The AUC should lead initiatives to strengthen the legal and regulatory framework for regional electricity markets. New legislation / regulation required at regional and national levels.
- The AUC should take initiatives to harmonise contracts related to energy exchanges and network connection and access, and coordinate development of transmission tariffs.
- The AUC should promote sustainable solutions for private sector investment in power generation, in electricity distribution and retail supply, as well as in transmission.
- Some harmonisation of standards, related e.g. to quality of electricity supply and electrical risks, will have to take place at continental level (AUC, AFSEC and AFUR).



Other priorities

- Regional power pools and regional regulators will continue to improve grid operating guidelines, market rules and grid codes. AUC will facilitate adjustments of rules between SAPP, CAPP and EAPP.
- NEPAD IPPF will provide assistance to the RECs on interconnection project preparation. Some power pools also require strengthening of their resources.
- Energy Access will be facilitated by all actions to be undertaken by regional and continental institutions.
- For the development of renewable energy and the promotion of energy efficiency, RCREEE, ECREEE, followed by SACREEE and EACREEE, will play a major and increasing role.



Dialogue workshop

23-24 February 2016 Addis Ababa

The main objective of the Workshop was to formulate a strategy and action plan of proposals for harmonised continental and regional regulatory frameworks for the African energy sector.

The outcomes of the Workshop will inform the development of the 1st Draft of the continental strategy to harmonise regulatory frameworks in the energy sector.



Specific objectives of the workshop

Discussions with stakeholders at continental and regional levels:

- Analyse the present situation and gaps as well as best practices regarding regulatory frameworks, for energy products and services in Africa;
- Identify the roles of national, regional and continental, organizations/stakeholders in the development of a harmonized regulatory framework for the energy sector;
- Identify and discuss priority areas for intervention to enhance harmonisation of regulatory frameworks at the regional and continental levels.

Following this workshop, the draft report will be revised and finalised.



Phase 2, Dialog and action plan

7months

- Actions to be undertaken by regional and continental institutions will be further detailed and organised: expected results and activities, possible impacts, cost-benefit elements, required resources from different stakeholders, implementation modalities, and required external support.
- Assessments and documents prepared during Phase 1 may be completed.
- Workshop 3: discussion of the proposed implementation strategy and action plans, choice of priorities for the short, medium and long term, and implementation modalities.



Phase 3, final recommendations

2 months

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Final choice of priorities, final strategy for the AUC, other continental institutions and regional institutions, including required financing and support actions.

Recommendations about new structures / committees to be established under AUC and RECs.

Thank you for your attention

