



TAF Newsletter #14 | September 2018

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The EU's Technical Assistance Facility (TAF) for Sustainable Energy

What's new: Field facts and findings

African Union Harmonising Continental Transmission Tariffs

A Continental Transmission System Tariff Methodology is being developed by the African Union Commission in collaboration with the EU, within the ongoing effort to harmonise electricity markets in Africa. Two pilot initiatives are under way.



Energy Efficiency Programme to boost SADC's industrial players

The Southern African Development Community (SADC) region's Industrial Energy Efficiency Programme (SIEEP) for the next 5 years has been validated by the SADC region's stakeholders.



Vietnam Energy Partnership Group marks 1-year anniversary

The first anniversary of the Vietnam Energy Partnership Group (VEPG) Secretariat brings important achievements of EU TAF towards sustainable energy in the country. This first year of activity has provided a unique opportunity for key energy sector stakeholders in Vietnam to meet on a regular basis and prepare relevant policy recommendations.



What's next: Upcoming missions

- Energy Efficiency Stocktaking and Identification in the Neighbourhood South
- Covenant of Mayors in Sub-Saharan Africa
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Focus on: East & Southern Africa

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'The EU's Technical Assistance Facility for Sustainable Energy' newsletter covers items of news from all the countries of operation of the EU TAF: East & Southern Africa, West & Central Africa, East & South Neighbourhood, Asia & Central Asia, Latin America, the Caribbean and the Pacific.

If there is a particular topic that you would like to see covered in future newsletters, please write to us. We welcome your feedback!

With our best wishes,

The TAF teams

What's new: Field facts and findings

African Union: Harmonising Continental Transmission Tariffs

Activity areas: Capacity building in policy and regulatory framework; Technical support in programming and preparation of projects

A Continental Transmission System Tariff Methodology is being developed by the African Union Commission in collaboration with the EU, within the ongoing effort to harmonise electricity markets in Africa. Two pilot initiatives are under way.

Regional energy markets transcend multiple jurisdictions. This calls for the harmonisation of policies, legislation, regulatory and institutional frameworks at the regional and continental levels to enhance greater coordination and cooperation, as well as remove barriers to facilitate cross-border trade and investments.

A joint initiative of the European Union (EU) and the African Union Commission (AUC) is focusing on the process of integration and harmonisation of the regulatory frameworks for the electricity markets in Africa.

The EU's Technical Assistance Facility, in close cooperation with the African Union Commission has developed and validated the Strategy and Action Plans towards establishing a Harmonised Regulatory Framework for the Electricity Market in Africa, aiming to accelerate the process of integration and harmonisation of continental and regional electricity markets. Both documents were adopted by the Heads of State and Government of the African Union during the 29th African Union Summit in July 2017 in Addis Ababa, Ethiopia.



The African Union Commission (AUC) and continental institutions have a strong role to play in enhancing competition within electricity markets. They direct, indicate policies, and guide implementation. Partnerships and networks are forged for joint actions with a common denominator: electricity markets.

The TAF experts have been assisting in the process over the past year, within the TAF assignment 'Harmonisation of the Regulatory Frameworks for the Electricity Market in Africa.'

Regulation of cross border electricity trading requires a methodology for transmission costs and tariffs within each power pool.

One of the one-year Action Plan Activities was the development of Harmonised and Continental Transmission Tariff Methodology for the Electricity Sector, to be used for international bilateral transactions. The Transmission System Operators (TSOs) should be able to allocate the cost for the use of the transmission networks based on how much a given trade uses the network, while the Transmission Utilities would have to be paid for wheeling power from one point to another.

The development of a harmonized transmission system tariff methodology will ensure there are no distortions in the determination and application of transmission tariffs at the regional and continental levels. It will also ensure that there is harmonization regarding the allocation of wheeling charges between generators and loads involved in international power trading and wheeling transactions, by the power pools and regional regulatory authorities.

Wheeling is the "rental" of a grid operator's transmission (or distribution) infrastructure for the transmission (or distribution) of electricity. When a wheeling transaction takes place, the transmission system operator receives energy into its control area and transmits this energy to a third party.



What's new: Field facts and findings

African Union: Harmonising Continental Transmission Tariffs

Activity areas: Capacity building in policy and regulatory framework; Technical support in programming and preparation of projects

After extensive stakeholder consultation and validation process on the draft document, the point-to-point MW-km (Load Flow-Based) transmission tariff methodology was adopted. The recommended Transmission Tariff Methodology would be used by the Regional System and Market Operators (SMOs) to develop a clear, transparent and predictable model for the calculation of transmission prices. The Guidelines also outline the key steps and principles that govern the transmission tariff between parties involved in cross-border power exchange transactions, in the regional electricity markets.

*The **load flow-based MW-Kilometre method** calculates the cost per MW-Km of the line and the total cost, is determined by taking account of the power flow of transaction and transmission length. The load flow-based method thus reflects to a large extent, the actual operations of the power system.*

Pilot implementation of the guidelines in the East and West African Power Pools

The TAF is now coordinating the pilot implementation to test the recommended continental Transmission System Tariff Methodology, together with its Guidelines and Monitoring Plan in two RECs: the Common Market for Eastern & Southern Africa (COMESA) and the Economic Community of West African States (ECOWAS). The pilot will identify and rectify implementation challenges, and will pave the way for full-scale roll-out of the transmission tariff methodology.

Earlier this year, stakeholders recommended that the adopted Transmission Tariff Methodology should be piloted and tested before it is rolled-out in an expanded phase. Stakeholders also suggested that given the developments taking place in West Africa regarding the establishment of regional electricity market, the Methodology could be piloted on three bilateral transactions within the East Africa Power Pool/ Independent Regulatory Board (EAPP/IRB) and the West Africa Power Pool/ ECOWAS Regional Electricity Regulatory Agency (WAPP/ERERA).

A subsequent Technical Workshop brought together Representatives of the AUC, EUD, TAF Team, the Power Pools, Regional Regulatory Authorities, Regional Regulatory Associations, RECs, TSOs and SMOs Members of EAPP and WAPP, to exchange on the technical aspects.

The next step is to provide training for SMOs, TSOs, and regional regulators from EAPP and WAPP, to ensure that they have a good understanding of the transmission tariff methodology, as well as the operation of the tariff computation model.



During the Technical Workshop held over 11-13 July 2018 in Addis Ababa, Ethiopia, stakeholders exchanged on technical aspects of the coordinated approach to a Continental Transmission System Tariff Methodology.



What's new: Field facts and findings

Energy Efficiency Programme to boost SADC's industrial players

Activity areas: Technical support in programming and preparation of projects; Mobilisation of funds and facilitation of partnerships; Industrial and technology cooperation

The Southern African Development Community (SADC) region's Industrial Energy Efficiency Programme (SIEEP) for the next 5 years has been validated by the SADC region's stakeholders.

More than 55 representatives from SADC Member States¹, Regional Bodies, National Utilities, private sector players and development partners from across the Southern Africa region gathered in Victoria Falls, Zimbabwe, on September 12, 2018, marking the launch of an implementable programme in support to energy efficiency in the region's industrial sector.

The SADC Industrial Energy Efficiency Programme (SIEEP) was developed by the SADC Centre for Renewable Energy and Energy Efficiency (SACREEE) in cooperation with the 15 SADC Member States with support from the European Union Technical Assistance Facility (TAF) - Eastern and Southern Africa. The workshop was kindly hosted by the Government of Zimbabwe and was held to validate the 5 years SIEEP program document.

Building SADC industries' capacity to adopt, invest and use energy efficient technologies and practices- and eventually reduce energy consumption, which amounts to up to 35% of production costs

As energy constitutes 20-35% of production costs in industries of the region Energy Efficiency measures can help industries become competitive on the global market, and at the same time benefit from reducing energy costs. Additionally, Energy Efficiency is important to SADC Member States (MS) as it contributes to the increase of energy access.

The SIEEP will assist in the operationalization of SADC Renewable Energy and Energy Efficiency Strategy and Action Plan (REEESAP) and the SADC Industrialization Strategy and Roadmap (2015-2063). SIEEP has embraced what is stipulated in REEESAP with regard to setting of minimum energy performance standards for EE equipment, establishment of energy audits and energy management systems, and accreditation of EE service providers.



Stakeholders from across the Southern Africa Development Community (SADC) region gathered in Victoria Falls, Zimbabwe this September, to validate the SIEEP.

Coupling the SIEEP to the SADC Industrialization Strategy and Roadmap (2015-2063) is imperative in order to gain both public and private sector support for the use of renewables and the adoption of energy efficient technologies for reducing the production cost that will make industries and their products/services cost competitive and minimize greenhouse gas emissions (GHG).

The SIEEP focuses on creating an enabling environment and capacity for implementation of EE in the SADC countries. The programme will also aim to support pilot projects that will demonstrate energy savings and the co-benefits in form of reduced costs of doing business, GHG emissions and job creation in the industrial sector thus contributing to the industrialization in the SADC region.

The key action required going forward will be to mobilize resources and transfer of know how capacitating SADC MS to adopt, invest and utilize energy efficient and renewable energy technologies and practices in industry.

¹ Angola, Botswana, Comoros, Democratic Republic of Congo, Eswatini, Lesotho, Madagascar, Malawi, Mauritius, Mozambique, Namibia, Seychelles, South Africa, Tanzania, Zambia and Zimbabwe



What's new: Field facts and findings

Vietnam Energy Partnership Group marks 1-year anniversary

Activity areas: Policy and reforms; Capacity building; Mobilisation of funds and facilitation of partnerships

The first anniversary of the Vietnam Energy Partnership Group (VEPG) Secretariat brings important achievements of EU TAF towards sustainable energy in the country. This first year of activity has provided a unique opportunity for key energy sector stakeholders in Vietnam to meet on a regular basis and prepare relevant policy recommendations.

This large and complex project involves operational, research and development and communication elements. Capturing these achievements is key, to show sustainable development of the project and consolidate hopes for the future of the sustainable energy in Vietnam, with substantial European support.



Prime Minister's Economic Advisory group (PM-EAG) Seminar on "Energy Transition – Renewable Energy Development and Economic Growth" on 26 June 2018. The main objective was to discuss and analyse the consequences of a very high proportion of renewable energy in Vietnam's electricity mix, including income distribution and business profitability, in the context of formulation of Power Development Plan 8. Vietnam already has large coal power plants where some ash is used for manufacture of building materials [bricks], which can expand with e.g. good technical standards.

The TAF has been requested to provide support to the operation of the VEPG Secretariat following its official launch in July 2017. Despite challenges, the VEPG Secretariat achieved many tasks and it has already notched several milestones: it updated and summarized the development partners projects; set up an e-library, containing documents on relevant policies as well as analytical documents for later use by Technical Working

Group (TWG) members; recurrently organised the 1st meetings for all five TWGs and the Steering Committee and continuously updated TWGs participant lists; developed further the design of the VEPG Secretariat web-site. Logistical support was finally provided by Ministry of Industry and Trade (MOIT), including consolidation of office space and facilitating administrative procedures of the VEPG Secretariat. All VEPG II Secretariat activities were implemented and funded by the EU TAF.

Finally, in July 2018 the VEPG Secretariat successfully handed over the Secretariat function to a more permanent and full time arrangement managed by the GIZ, including the VEPG archive of over 1,000 electronic files (management files and the e-library) and handover notes for the incoming Secretariat, who took over all functions as of August 2018.

Five Technical Working Groups to support further RE Development

Along with the Steering Committee, five Technical Working Groups (TWGs) were created: Renewable Energy, Energy Efficiency, Energy Sector Reform, Access to Energy, Energy Data & Statistics. The TWG work plans are geared towards preparation of policy recommendations that will be addressed at the second High-Level Meeting (HLM), planned to be held in October 2018.

The Secretariat proposed 'zero-draft' workplans and also formulated thematic papers in the 1st meetings between Chairs and co-Chairs and members of all five TWGs.

Seminar "Energy transition – Renewable Energy Development and Economic Growth"

A special seminar on the macro-economic aspects of energy transition, was organised during this first year of the project, with inputs by the VEPG Secretariat and TWG 1 (Renewable Energy), members with the Prime Minister's Economic Advisory group (EAG) and supported by Ministry of Investment and Trade.

The Vietnamese high-level representatives shared their satisfaction with the project development and underlined the commitment to increase the role and the proportion of the Renewable energy in the country economy.



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What's next: Upcoming missions

Energy Efficiency Stocktaking and Identification in the Neighbourhood South

The EU is by far the largest energy donor in the Neighbourhood South region, with 741 M EUR channelled over the period 2010- 2016.

A new TAF assignment will provide an in-depth assessment and analysis of the current Energy Efficiency (EE) policies, regulatory framework and sector in Buildings, Standards, and Labelling in 8 Neighbourhood South countries (Algeria, Egypt, Israel, Jordan, Lebanon, Morocco, Palestine and Tunisia). The mission will take stock and analyse in depth the current national frameworks, help identify opportunities and challenges, and formulate concrete recommendations to foster EE their deployment in the Region.

The expert team will also propose the main outline for a possible EU Regional Initiative (within the Annual Action Programmes 2019) to develop and support related concrete actions, aiming at creating a stable and effective regulatory framework; setting a regional network; setting up financing schemes to support national and regional EE initiatives; identifying some pilot projects with their financial needs for replications in all countries.

Covenant of Mayors in Sub-Saharan Africa

In 2016, more than half of Africa's population had access to electricity, up from 45% in 2014, but still leaving more than 600 million of inhabitants without electricity. The Covenant of Mayors in Sub-Saharan Africa seeks to increase access to sustainable energy and to implement local actions to combat climate change and its impact. It mobilizes cities and local authorities for energy and climate action, gives cities a voice and creates a network of city-to-city cooperation.

A TAF team will assess the administrative, legislative, political and financial framework conditions of cities in selected African countries.

ElectriFI Country windows for Madagascar and Swaziland

The European Commission's Electrification Financing Initiative (ElectriFI) acts as a financing mechanism to support market development and private sector initiatives for affordable, sustainable, and reliable energy solutions in developing countries. ElectriFI encourages the adoption of renewable energy by providing a flexible financing instrument that invests in high risk renewable energy

projects that conventional sources tend to avoid. Support options include TA, junior debt, senior debt, and equity.

The ElectriFI 'Country Window' is a modality used to bridge the domestic gaps in structuring and financing of investments in a country, by contributing a portion of the EU's 11th EDF National Indicative Programme funding for the country in question to ElectriFI.

While the international ElectriFI window first and second calls addressed access projects primarily, the upcoming country windows will have a broader scope, ranging from efficient cooking and electricity access to energy efficiency, captive power and productive use.

TAF teams are scheduled to be mobilised for stocktaking missions, to analyse the existing market potential for renewable energy investments projects and the funding opportunities for private sector investments in renewable energy.

In Africa, TAF teams will be deployed in In Ghana, Ivory Coast, Kenya, Madagascar, Nigeria, Swaziland, and Tanzania. In Asia, TAF assignments will be launched in Bangladesh, Myanmar, the Philippines, and Thailand.

What we do: The EU's Technical Assistance Facility for Sustainable Energy

Supporting the **#EU's vision** and strategies at national and regional level

Provision of **#high quality** technical assistance at Partner Country and Region

#Low lead times from ToR preparation to assignment launch

Efficient and **#effective management** of each mission

#Control mechanism and QA for coherent deliverables



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What we do: The EU's Technical Assistance Facility for Sustainable Energy

The 'EU's Technical Assistance Facility (TAF) for Sustainable Energy' assists partner countries in fine-tuning their energy policies and regulatory framework that allow for increased investments in the energy sector. The TAF supports countries which are committed to reaching Sustainable Energy objectives, and in particular those who selected energy not only as one of the priority areas of their national policy agenda but also as focal sector in their bilateral cooperation with the EU for the period of 2014-2020.

Through targeted expert missions to the partner countries, five types of technical assistance packages ('Activity Areas') are delivered:

Policy and reforms; Capacity building; Investment projects planning; Mobilising funds and partnerships; Industrial and technology cooperation.

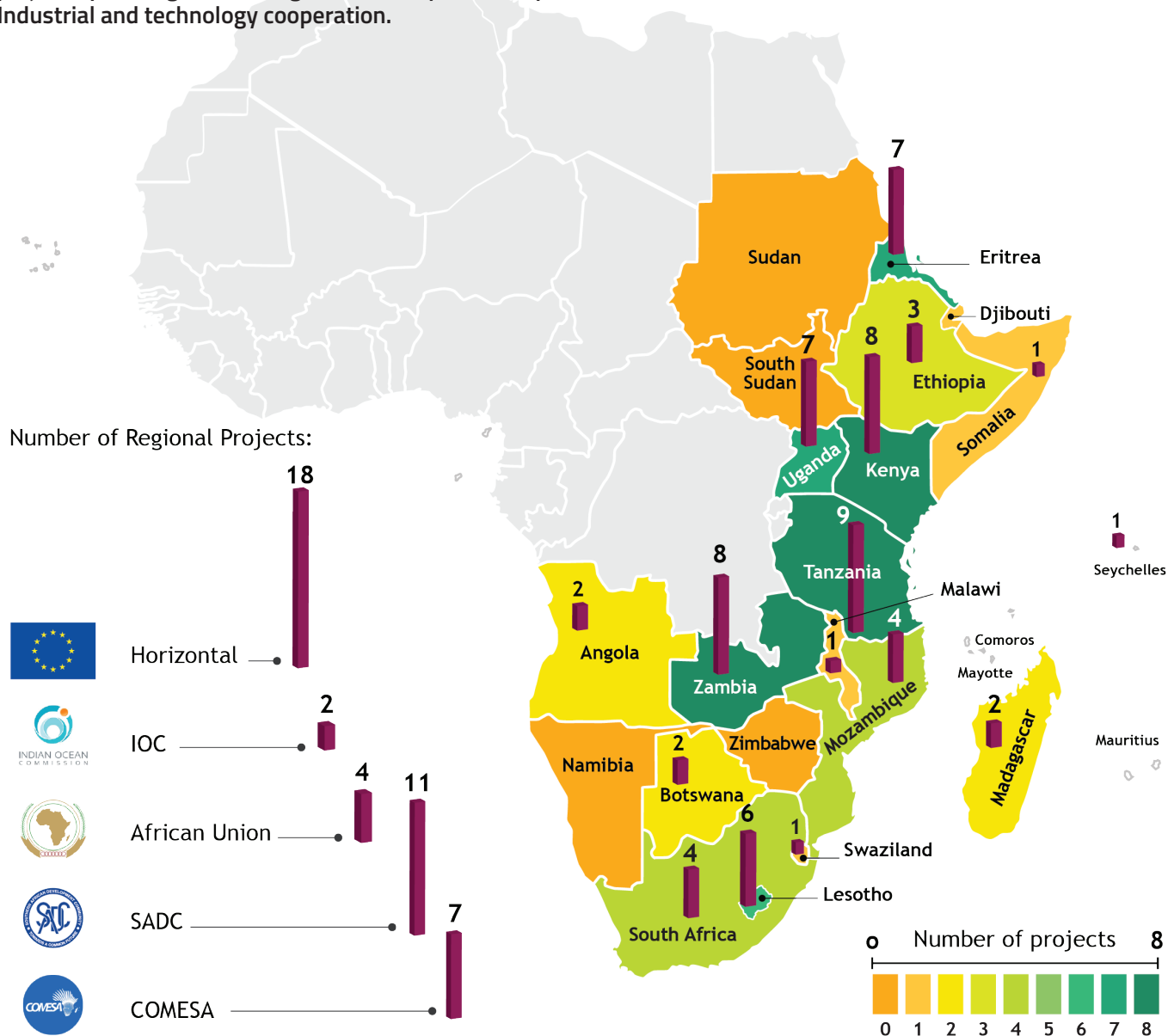
Overview of TAF support:

Since its launch in 2013, the TAF has provided technical assistance for some 240 missions in Sub-Saharan Africa.

A year after the Sub-Saharan Africa TAF launch, TAF operations were extended to also accommodate regions beyond Sub-Saharan Africa, and to date over 30 technical teams have been deployed by the TAF 'Rest of the World' Facility – ranging from the East and South Neighbourhood and Asia to Latin America, the Caribbean, and the Pacific.

Focus on:

East & Southern Africa



Who's who: Meet the team

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DISCLAIMER

This newsletter update has been drafted by the EU's Technical Assistance Facility (TAF) for Sustainable Energy. The aim is to update EU Delegations regarding news and findings from the TAF missions and areas of assistance. The data has been collected from various sources by the TAF Experts in the context of the ongoing TAF missions, and is not exclusive. Please feel free to contact us with any feedback on the information provided, or other areas of support you would like to be informed of.



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