

JAN & JUNE 2021

EREA EPC REPORT

ECONOMIC PORTFOLIO COMMITTEE'S REPORT



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1 Introduction

Economic Portfolio Committee (EPC) Quarterly meetings for financial year 2020/21 was held through online platform. The Portfolio Committee meeting was hosted and facilitated by the Executive Secretary of EREA.

2 EPC Participants

Present:

1. Energy and Petroleum Regulatory Authority of Kenya (EPRA)
2. Energy and Water Utilities Regulatory Authority of Tanzania (EWURA)
3. Rwanda Utilities Regulatory Authority (RURA)
4. Zanzibar utility Regulatory Authority (ZURA)

Absent with Apology:

1. Electricity Regulatory Authority of Uganda (ERA)
2. Water, Electricity and Mines Regulatory Agency of Burundi (AREEN)
3. Petroleum Authority of Uganda (PAU)

3 EPC's Mandate

The mandate of EPC is to deal with issues relating to energy policy, planning, tariffs, market operations, research and information sharing amongst member institutions.

4 Constitution of Bureau

It was confirmed that four out of seven members were present and therefore complied with the requirement to form quorum and the bureau was constituted.

5 EPC Officials

EPC is chaired by EPRA, deputized by ZURA and EWURA is the Secretary.

6 Adoption of Agenda

The following agenda was proposed and adopted.

- i. Review of the 12th AGA Resolutions made via Virtual Meeting, 30th June 2020
- ii. Review of the 19th EXCO Resolutions made via Virtual Meeting, 25th June 2020
- iii. Review of the 20th EXCO Resolutions made via Virtual Meeting, 17th December 2020
- iv. Review of the 5th CFA Resolutions made via Virtual Meeting, 22nd June 2020
- v. Review of the 5th CFA Resolutions made via Virtual Meeting, 22nd June 2020
- vi. Review the EPC Action Plan 2020/21
- vii. Update on the end user tariffs for various consumer categories in each member country
- viii. Update on the status of demand and supply in each member country
- ix. Updates on Energy Issues
- x. Any Other Business

7 Review of the 12th AGA Resolutions made via Virtual Meeting, 30th June 2020

Members went through the 12th AGA Resolutions made through a Virtual Meeting, on 30th June 2020 and noted that there was one particular resolution that required the attention of EPC:

That the EPC completes and reports on the capacity gap analysis based on the Electricity Regulatory Index funded by AfDB.

EPC has reviewed the Electricity Regulatory Index and has identified three key areas as provided by the index. These are;

- a) Regulatory Governance
- b) Regulatory Substance
- c) Regulatory Outcome

The completion of the capacity gap analysis report is completed and annexed to this report.

Summary of findings;

- i. Burundi has the least developed framework on Renewable Energy Development

8 Review of the 19th EXCO Resolutions made via Virtual Meeting, 25th June 2020

Members went through the resolutions of the 19th EXCO meeting and found one (1) resolution that needs EPC's attention as follows:

That the portfolio committees and the Secretariat to employ available technologies in expediting completion of the activities because the travel restrictions associated with the Covid-19 pandemic may extend.

The EPC employed various technologies including WhatsApp group chat and zoom meetings to conduct its activities. With these technologies the EPC completed seven (9) activities out of fifteen (15) representing a completion rate of 60% in accordance with its Work Plan.

9 Review of the 20th EXCO Resolutions made via Virtual Meeting, 17th December 2020

Members went through the resolutions of the 20th EXCO meeting and found three (3) directives that need EPC's attention as follows:

- i. All the portfolio committee reports should be redone and submitted by 15th January 2021;

Implementation: The EPC during its virtual meeting held on 18th and 20th January, 2021 redid its report and submitted on 14th June 2021. The delay has been occasioned by the challenges of working virtually, non-responsiveness of some representatives from NRIs

- ii. The portfolio committees to provide written explanations on the failure to participate in EXCO and submission of poor reports;

Implementation: The EPC during its virtual meeting held on 18th and 20th January, 2021 discussed the matter. Due to the Covid-19 pandemic, the NRIs were greatly impacted. Once such impact was the working from

home conditions, change of environment and some instances of poor network conditions made it difficult for members to work to their optimum.

Nevertheless, the EPC has tried to make up for the dismal performance and tried to finalize on some of the Action plans for the year 2020/21.

- iii. The portfolio committee should use the standard template approved by EXCO during presentations;

Implementation: The EPC during its virtual meeting held on 18th and 20th January, 2021 submitted its report on 20th January, 2021 using the standard template approved by EXCO.

The EPC employed various technologies including WhatsApp group and zoom meetings to conduct its activities. With these technologies the EPC completed seven (7) activities out of fifteen (15). in accordance with its Work Plan.

10 Review of the 5th CFA Resolutions made via Virtual Meeting, 22nd June 2020

Members reviewed the resolutions made during the 5th EXCO meeting and found one (1) resolution that needs EPC's attention as follows:

That EPC and LPC to ensure that the changes in the financial manual and procedures to provide for EREA's acquisition of one bank credit card are in line with the constitution.

There was no need since the bank can only give the card on a specific name/person and not company.

11 Review of the 6th CFA Resolutions made via Virtual Meeting, 11nd December 2020

Members reviewed the resolutions made during the 6th EXCO meeting and found one (1) resolution that needs EPC's attention as follows:

That the EPC to review the draft audit report and submit a summary opinion to the CFA before recommendation to 20th EXCO for approval

The EPC reviewed the draft audit report and notes as follows;

- ii. The financial statements present fairly, in all material respects, the financial position of the organization as at 30th June 2020, and (of) its financial performance and its cash flows for the year then ended in accordance with International Public Sector Accounting Standards (IPSAS)
- iii. The member contributions during the year was USD 140,000 which represented a variance of 13% from the budgeted amount of USD 160,000. This is because as at the end of the financial year 2019/20 PURA was still an observer.
- iv. There was a deficit of USD 47, 024 in the year 2019/20.
- v. The financial statements need to show comparative analysis with the previous years' balances.

12 Action plan review

The performance of the EPC action plan is as attached as Annex 2.

13 Update on the end user tariffs for various consumer categories in each member country

Table 1: End User Tariff for each member country excluding Taxes & Levies as at December 2020

Category	Kenya*	Rwanda	Tanzania	Uganda	Burundi	Zanzibar
	US¢/kWh	US¢/kWh	US¢/kWh	US¢/kWh	US¢/kWh	US¢/kWh
Domestic Lifeline	12.71	9.9	4.38	6.7	4.7	3.4
Domestic Other	18.73	20.3	15.33	20	23.8	20.6
Small Commercial	18.88	21.4	12.79	17.7	17.3	8.2
Medium Industries	13.57	10.9	8.54	15.8	18.2	12.4
Large Industries	13.03	10.7	6.66	9.7	12.4	7.7
Extra Large				8.1		

industries						
Street Lighting	10.38	20.6	12.79	9.9	N/A	11.4

***Kenya Update is at June 2021**

Table 2: Electricity Taxes, Levies and Subsidies in each member Country as at December 2020

Assumption	Kenya *	Rwanda	Tanzania	Uganda	Burundi	Zanzibar
Lifeline Units (KWh)	100		75	15		50
Exchange Rate/USD	102	898.5	2240.9	3,728.2	1750	2243
VAT	16%*	18%	18%	18%	18%	18%
Regulator Levy on Electricity Consumption	KShs 0.03/kWh	0.30%	1%	0.30%	0.5% from the operator	0.5% Proposed
Water Levy	KShs 0.05 /kWh for all hydro plant above 1MW	N/A	N/A	N/A	N/A	N/A
RE Levy	5%	N/A	3%	5%	N/A	N/A

Subsidies	a) Geo thermal Steam Charge (Drilling) b) CAPEX for some transmission lines	Lump sum for targeted customers b) CAPEX for some projects of generation, transmission and distribution	Capex for some generation, transmission and distribution projects.	a) Refinancing Bujagali power plant tariffs from 13 US¢/kWh to 8.5 US¢/kWh b) Capacity payments for grid connected thermal plants c) CAPEX for some transmission lines	Capex for some transmission lines	Lump sum allocation each year
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Note: All percentages are on consumption

***The VAT rate in Kenya has since been reverted to 16% as from January 2021**

***Kenya update is at June 2021**

14 Update on the status of demand and supply in each member country as at December 2020

Tanzania Demand Supply Balance

Year	Available Capacity - MW	Demand – MW	Balance - MW	Reserve Margin
2019	1565.7	1120.0	445.6	39.2%
2020	1565.7	1435.0	130.7	9.1%
2021	1695.0	1629.0	66.9	4.1%
2022	3810.9	1809.0	2001.9	110.7%
2023	2995.9	2036.0	959.9	47.1%
2024	2971.4	2329.0	642.4	27.6%
2025	3227.5	2677.0	550.5	20.6%
2026	3696.2	3053.0	643.2	21.1%
2027	3889.2	3439.0	450.2	13.1%
2028	4895.3	3850.0	1045.3	27.1%
2029	6207.7	4323.0	1884.7	43.6%
2030	8389.7	4878.0	1511.7	31.0%

Source: Tanzania, Ministry of Finance, Power System Master Plan 2020 Update, Final Report, September, 2020, Dodoma, page 81.

Uganda Demand Supply Balance

Year	Available Capacity - MW	Demand – MW	Balance -MW	Reserve Margin
2019	956	710	246	25.7%
2020	1,361	774	587	43.1%
2021	1,390	844	546	39.3%
2022	1,462	920	542	37.1%
2023	1,506	1,002	503	33.4%
2024	1,653	1,093	561	33.9%
2025	1,867	1,191	676	36.2%
2026	2,487	1,298	1,189	47.8%
2027	2,513	1,415	1,099	43.7%
2028	2,609	1,542	1,067	40.9%
2029	2,609	1,681	928	35.6%
2030	2,609	1,832	777	29.8%

Kenya Demand Supply Balance

Year	Available Capacity (MW)	Demand (MW)	Balance (MW)	Reserve Margin
2019	2712	1912	800	29.50%
2020	3079	2103	976	31.70%
2021	3032	2234	798	26.32%
2022	3321	2421	900	27.10%
2023	3624	2586	1038	28.64%
2024	4900	2764	2136	43.59%
2025	4900	2989	1911	39.00%
2026	4900	3234	1666	34.00%
2027	4900	3441	1459	29.78%
2028	4900	3720	1180	24.08%
2029	4900	3974	926	18.90%
2030	4900	4244	656	13.39%

Zanzibar Demand Supply Balance

Year	Available Capacity (MW)	Demand (MW)	Balance (MW)	Reserve Margin
2019	116.2	82.95	33.25	29%
2020	129.7	88.75	40.95	32%
2021	139.7	94.96	44.73	32%
2022	147.7	101.61	46.09	31%
2023	155.7	108.73	46.97	30%
2024	157.5	116.34	41.16	26%
2025	165.0	124.48	40.52	25%
2026	165.0	133.20	31.81	19%
2027	165.0	142.52	22.48	14%
2028	165.0	152.49	12.51	8%
2029	167.5	163.17	4.33	3%
2030	167.5	174.59	-7.09	-4%

Rwanda Demand Supply Balance

For the available capacity, the non-provided values from 2020 to 2030 have not been projected, however it was adopted that the reserve margin should not go below 15%.

Year	Installed Capacity (MW)	Demand (MW)	Balance (MW)	Reserve Margin (%)
2019	225.5	140.6	84.9	37.65%
2020	262.88	162	100.88	38.37%
2021	287.5	175	112.5	39.13%
2022	351.36	189	162.36	46.21%
2023	353	204	149	42.21%
2024	405.86	220	185.86	45.79%
2025	405.86	238	167.86	41.36%
2026	454.19	257	197.19	43.42%
2027	479.19	277	202.19	42.19%
2028	479.19	300	179.19	37.39%
2029	493.09	324	169.09	34.29%
2030	532.89	350	182.89	34.32%

Burundi Demand Supply Balance

Burundi did not provide demand and supply balance

15 Regional Demand and Supply Balance

	Kenya			Uganda			Tanzania			Rwanda			Zanzibar			EREA Region		
Year	Available SS (MW)	Demand (MW)	Balance (MW)	Available SS (MW)	Demand (MW)	Balance (MW)	Available SS (MW)	Demand (MW)	Balance (MW)	Available SS (MW)	Demand (MW)	Balance (MW)	Available SS (MW)	Demand (MW)	Balance (MW)	Available SS (MW)	Demand (MW)	Balance (MW)
2019	2,712	1,912	800	956	710	246	1,605	1,156	449	226	141	85	116	83	33	5,614	4,002	1,613
2020	3,079	2,103	976	1,361	774	587	1,605	1,234	371	263	162	101	130	89	41	6,437	4,362	2,075
2021	3,032	2,234	798	1,390	844	546	1,605	1,308	297	288	175	113	140	95	45	6,454	4,656	1,798
2022	3,321	2,421	900	1,462	920	542	1,630	1,394	236	351	189	162	148	102	46	6,912	5,026	1,886
2023	3,624	2,586	1,038	1,506	1,002	503	2,994	1,490	1,504	353	204	149	156	109	47	8,633	5,391	3,241
2024	4,900	2,764	2,136	1,653	1,093	561	4,237	1,594	2,643	406	220	186	158	116	41	11,354	5,788	5,567
2025	4,900	2,989	1,911	1,867	1,191	676	4,237	1,706	2,531	406	238	168	165	124	41	11,575	6,248	5,327
2026	4,900	3,234	1,666	2,487	1,298	1,189	4,237	1,825	2,412	454	257	197	165	133	32	12,243	6,748	5,496
2027	4,900	3,441	1,459	2,513	1,415	1,099	4,237	1,953	2,284	479	277	202	165	143	22	12,294	7,229	5,067
2028	4,900	3,720	1,180	2,609	1,542	1,067	4,237	2,090	2,147	479	300	179	165	152	13	12,390	7,804	4,586
2029	4,900	3,974	926	2,609	1,681	928	4,237	2,236	2,001	493	324	169	168	163	4	12,407	8,378	4,029
2030	4,900	4,244	656	2,609	1,832	777	4,237	2,393	1,845	533	350	183	168	175	7	12,447	8,993	3,453

16 Election of EPC Leaders for the Financial Year 2021/22 to 2022/23

In line with the requirements of the EREA Rules of Procedure, EPC elected the following leaders for the term of two years as presented in the Table below:

Leadership	2021/22 - 2022/23
Chairperson	Zanzibar Utilities Regulatory Authority of Zanzibar (ZURA)
Deputy Chairperson	Energy and Water Utilities Regulatory Authority of Tanzania (EWURA)
Secretary	Rwanda Utilities Regulatory Authority (RURA)

17 Any Other Business

There being No other business, the meeting was adjourned.

Submitted by;

Economic Portfolio Committee

Chairman

Secretary

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14th June 2021

ANNEX 1

EPC Members Present

No.	Name	NRI	Country	Email
1	Mr Ali Rudahunga	RURA	RWANDA	ali.rudahunga@rura.rw
2	Mr Leonard K. Yegon	EPRA	KENYA	leonard.yegon@epra.go.ke
3	Ms Rabia Abdallah Hamid	ZURA	ZANZIBAR	rabia@zura.go.tz
4	Mr. George Kabelwa	EWURA	TANZANIA	kabelwa@ewura.go.tz