

ECONOMIC COMMUNITY OF WEST AFRICA STATES
ECOWAS REGIONAL ELECTRICITY REGULATORY AUTHORITY



REPORT

**6TH MEETING OF ERERA'S CONSULTATIVE COMMITTEES OF
REGULATORS AND OPERATORS
17 & 18 November 2015**

Accra, November 2015

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INTRODUCTION

The sixth meeting of the Consultative Committees of Regulators and Regional Regulatory Authority of ECOWAS Operators for Electricity sector (ERERA) was held on 17 and 18 November 2015 at Miklin Hotel in Accra, Ghana.

Representatives of the Ministries of Energy, National Regulatory Authorities, operators of generation, transmission and distribution of electricity in ECOWAS member States and the General Secretariat of the West African Power Pool (WAPP) participated in the meeting.

The list of participants is attached as Appendix A.

A. OPENING CEREMONY

The opening ceremony was marked by the speech of the Acting Chairperson of ERERA followed by remarks of the Head of the Delegation of the European Union in Ghana.

In his opening address, the Acting Chairperson of ERERA, Mrs. Ifeyinwa Ikeonu, welcomed all participants and thanked the development partners including the European Union and the Gesellschaft für Internationale Zusammenarbeit (GIZ) for their valuable support to ERERA. She also gave an overview of recent activities and decisions by ERERA to accelerate the implementation process of the regional electricity market in accordance with the provisions of the Directive on the organization of the Regional Electricity Market adopted by the ECOWAS Council of Ministers on 21 June 2013.

In this regard, she said some important documents have been made available by ERERA, which would be the subject of a preliminary presentation to the meeting sessions. Furthermore, the Acting Chairperson noted the reasons for the failure of the organization of the Annual ERERA Forum in 2014 and 2015 and has indicated that these reasons are among the rationale for the revision of the format of the forum in the future.

Her speech was followed by that of the representative of the European Union, which had supported ERERA through the development of its strategic plan 2016-2020 and dispute settlement procedures and implementing regulations.

B. AGENDA

After the introduction of the participants, the draft agenda consisting of five sessions and attached as Appendix B, was adopted by the meeting. The Chairman of the Regulators Committee was nominated to conduct the business

of the first day, while the Chairman of the Operators Committee was nominated to conduct the work of the second day. The Gambia and Senegal were designated as rapporteurs for the entire meeting.

C. PROCEEDINGS

Prior to discussions on the agenda, Mr. Alagi B. Gaye, ERERA Regulatory Council Member (Economist), presented ERERA's activities since the last meeting of the Consultative Committees in May 2015. In particular, he referred to the following:

- End of tenure of the Chairman on 30 June 2015 and the appointment of Regulatory Council Member (Legal) on 1 July 2015, as Acting Chairperson;
- Suspension of the Annual Forum in 2014 and 2015 due to the outbreak of the Ebola virus disease that affected several Member States, as well as funding challenges;
- Adoption of the following key documents: the Regional Market Rules, the WAPP Operations Manual and the Regional Transmission Tariff Methodology;
- Evaluation of the implementation of the Directive on the organization of the regional electricity market;
- Revitalization of collaboration with WAPP for the development of the regional market;
- Support of GIZ and EU for the implementation of ERERA's programme of activities.

Presentations were made in all sessions and discussions were held after each presentation, and recommendations were summarized at the end of each session.

SESSION 1: REVIEW OF THE DRAFT ERERA STRATEGIC PLAN FOR 2016 to 2020

The ERERA consultant presented the benefits of a common ECOWAS electricity market and shared experiences from other regions on the matter before proposing a draft strategic plan based on strategic objectives such as:

- Putting up of appropriate regulatory measures for the establishment of the regional electricity market;
- Establishment of the regional electricity market surveillance mechanisms and implementation rules;

- Support for the harmonization of energy policies and regulation,
- Development and implementation of an institutional capacity building programme;
- Support for the integration of renewable energy sources in the regional market; and
- Regional support for national policies on energy efficiency.

Based on their knowledge of the ECOWAS market and the proposed strategic plan, participants who were divided into four working groups responded to questions about:

1. - Access to network capacity;
2. - Renewable energy and energy efficiency;
3. - Electrification and the creation of an enabling environment that can attract investment for new power plants; and
4. -Capacity building.

After presenting the results of the work session of each group, participants made comments on the 2016-2020 draft strategic plan of ERERA. It has mainly been decided to combine the results of the group work sessions with the specific actions leading to give national regulators the power to set rates effectively and actions to sensitize operators to ensure the effective recovery of the sale of electricity. It was also recommended that the objectives and sub strategic objectives should be in line with the tasks assigned to ERERA.

SESSION 2: CONSIDERATION OF THE DRAFT PROCEDURES FOR THE SETTLEMENT OF DISPUTES AND THE ENFORCEMENT RULES OF ERERA

The presentation of ERERA's consultant focused on draft enforcement rules and dispute resolution procedures. The consultant explained the various options which could be retained in the settlement of disputes to negotiation, mediation, conciliation and arbitration and the procedures for their implementation.

Concerning the enforcement rules, it was clarified that the rules and the level of sanctions must be established by a regulation of the Council of Ministers of ECOWAS.

Following the presentation, the floor was given for discussion in order to gather the opinions of participants. Major concerns on processing of disputes and the possibilities to appeal against the final decision of ERERA were made. Participants

were also asked to take into account in the strategic plan of ERERA the item relating to the approval of the levels of sanctions.

At the end of the session, it was decided to review the regulations to clarify the deadlines for settlement of disputes. In addition, the meeting recommended to give one month to Member States to transmit their comments and contributions formally in more detail before the adoption of the enforcement rules and the dispute resolution procedures by ERERA.

SESSION 3 : INFORMATION SESSION

3A- DRAFT TYPES OF THE BILATERAL CONTRACTS OF THE REGIONAL ELECTRICITY MARKET

The Legal Expert of ERERA gave an overview of the types of bilateral contracts in the short, medium and long term, as well as types of contracts for connection and use of the regional transmission network. These types of contracts are being developed at the level of WAPP which will submit them to ERERA for adoption. A consultant will be recruited by ERERA for the review and finalization of these models, on the basis of an analysis of existing contracts and best international practices in this area. He said, however, that these types of bilateral contracts will be adopted after consultation of all stakeholders in the regional electricity market, including operators and national regulators. He gave an extensive explanation of this consultation process.

At the end of the discussion, it was recalled that after their approval, the types of contracts will serve as a reference for the new or revised contracts. Furthermore, the cross-border electricity trade contract already in place have the intended effect until their originally agreed term, in accordance with the provisions of the above mentioned Directive.

3B- STATUS OF IMPLEMENTATION OF THE DIRECTIVE ON THE ORGANIZATION OF REGIONAL ELECTRICITY MARKET

After presenting the key provisions of the Directive and the obligations of Member States and ERERA, the Legal Expert of ERERA gave an update on the implementation of the Directive by the different countries.

He noted that to date, no Member State has notified ERERA on the measures taken to comply with the Directive and the difficulties encountered in its implementation.



A table of the various obligations of States, describing the implementation level, was presented and discussed.

During the discussions, a roundtable allowed each Member State to confirm or deny the information collected on the status of implementation of the Directive. These amendments will be included in the final version of the report to be sent to the ECOWAS Council of Ministers.

SESSION 4: REGIONAL TRANSMISSION TARIFF METHODOLOGY

The Power Expert of ERERA and the consultant presented the legal basis for the regional transmission tariff and its expected objectives.

The various elements taken into account in developing the transmission tariff were discussed. This is, among others, the value of network assets of the life span of the equipment, the associated transmission losses and the calculation of revenue required for each Transmission System Operator (TSO).

Case studies from Nigeria and India were presented by the consultant.

Participants sought and received clarification on the chosen tariff methodology, including explanation on the handling of network losses in the calculation of the tariff and the calculation of the required income for the TSOs.

SESSION 5: ANY OTHER BUSINESS

5A REBRANDING OF ERERA FORUM ON REGIONAL REGULATION

After recalling the difficulties related mainly to funding challenges in the organization of the 2015 Forum, ERERA proposed a new format for future forums.

Registration fees would now be instituted for participation in the Forum and sponsors may be sought to finance certain activities of the Forum. In addition, the themes will seek to (1) review the impact of the recommendations of the previous Forum, (2) review a particular subject of interest for regulators and (3) to set the objectives for the next forum.

Discussions, following the presentation, focused on the mode of financing through participation fees and contributions of the host country.

The reflections will continue on these issues.

5B - CONSIDERATION AND ADOPTION OF THE REPORT OF THE MEETING

The draft report prepared by the francophone rapporteur was read at the meeting and participants' observations were taken. The corrected version as well

as the translated report in English will be circulated to participants for their comments within a week before it is signed by the Chairpersons of Consultative Committees.

D. CLOSING CEREMONY

The chairpersons of the regulatory bodies from Benin and Cape Verde gave their impressions, following their first participation at the meeting of the Consultative Committees. In particular, they expressed their satisfaction at the progress made at the meeting and the lessons learned from the discussions that took place. They reaffirmed their interest in continuing and strengthening their collaboration with ERERA and other national regulators towards the creation of a dynamic and prosperous regional electricity market.

Following these interventions, the closing ceremony was marked by the speeches of:

1. The Chairman of the Advisory Board of Regulators;
2. The Chairman of the Advisory Committee of Operators; and
3. The Acting Chairperson of ERERA.

They all welcomed the holding of the meeting and noted the progress made by ERERA in recent months. The lively participation of market players and the collaboration between WAPP and ERERA towards the success of the workshop were welcomed by all.

The Acting Chairperson of ERERA closed the meeting by wishing all participants a safe return to their respective destinations.

Done in Accra, November 18, 2015

For the Meeting

The Chairman of the Consultative
Committee of Regulators



Prof. Honoré BOGLER

The Chairman of the Consultative
Committee of Operators



M. Antoine AKEMAKOU