

AFUR Quarterly Newsletter

Second Quarter Highlights



African Forum For Utility Regulators Newsletter

July 2024

Dear Members

It is a great pleasure for me to connect with you through our quarterly newsletter, sharing the activities of the organization. As this is the first addition for 2024, we cover activities from the beginning of the year.

However, it was with great sadness that we learnt of the passing of two colleagues – the former General Manager of ARSEL, Cameroon, Mr. Jean Pierre Kedi on the 12th January and Mr Shalman Mawondo Etutu, Director of Communication, ARSEL on the 16th May. May their Souls Rest in Peace, they will be forever remembered in our hearts.

Looking ahead, we are very proud to have launched our strategic plan for the next five years. The detailed version is available on the AFUR website <https://afurnet.org/the-african-forum-for-utility-regulators-afur-2024-28-strategy-and-budget/>.

Please continue to connect with us on our Social media platforms - LinkedIn <https://www.linkedin.com/company/afur> and Facebook <https://www.facebook.com/afurnet> as well as visit our new, revamped website, www.afurnet

Keep reading to see the activities of the past six months.

Warm regards
Debbie Roets, Executive Secretary

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AFUR WEBSITE

GIZ GET. Transform provided technical assistance to AFUR through the appointment of web designers, AN®, who worked with the AFUR team of Moses Kadenge, Samuel Bunnya and Juanita Swanepoel. The project started on the 11th July 2023 with a needs assessment workshop here the current state of the website, features and structure was assessed, and after many meetings and changes, the website went live on the 16th May 2024. Content will be uploaded continuously. Any bugs and further development will continue with the same team.

National Association of Regulatory Utility Commissioners (NARUC)

We are very grateful to NARUC who presented a series of 4 webinars during the first quarter of 2024:

- Technical Quality of Service, 16th January
- Environmental Considerations in Energy Regulation, 21st February
- Enhancing Cybersecurity through Energy Regulations, 20th March
- Commercial Quality of Service Regulation, 4th April

The webinars were well attended, and the presentations are available on the website www.afurnet.org

African School of Regulation

A three-day webinar on “Private investment in electricity transmission in Africa” from 11th to 13th March. Mr. James Manda participated in Panel #4 (final session) which focused on coming up with proposals of actionable guidelines to facilitate and attract private investment in the critical transmission investments that African countries need for a sustainable energy development. The other panelists were Moderator: Ignacio Pérez-Arriaga (Interim Director, African School of Regulation), Abel Didier Tella (Director General, Association of Power Utilities of Africa, APUA), Ifey Ikeonu (Energy Policy, Markets, and Regulation Consultant), Elvira Morella (Lead Energy Specialist in the West Africa Energy Unit of the World Bank Group), Wale Shonibare (Director of Energy Financial Solutions, Policy and Regulation, African Development Bank) and Tilana de Meillon (Senior Operations Officer, Infrastructure Upstream Africa, International Finance Corporation, IFC). A report on the webinar and key findings can be found on the website – www.afurnet.org

AFUR has been invited to participate in the governance of the ASR through the Advisory Committee. AFUR will be represented by the Chairman and Vice Chairman.

AFUR was offered 5 free places for the ASR online parttime 10-week course on Power Sector Regulation in Africa. The course started in April and ended in July. The successful participants were Mr. Samuel Sebbowa, AFUR Secretariat; Ms Danielle Kanbah, ARSEL, Cameroon; Mr Francis Robinson, ECB, Namibia; Mr Duncan Ndegwa, EPRA, Kenya and Ms Charlotte Kyohairwe, ERA, Uganda. The course was offered in English.

20th AFUR Annual Conference and AGA

The conference was held in Cape Town, South Africa, from the 5th to 7th March 2024, with a site visit and lunch on the 8th March. There were 92 participants registered, 17 speakers with 82 members in attendance daily. The theme was “**Opening the Public Services to Private Sector Participation – A Challenge to Regulation**”.

The program included an hour panel discussion on **Private Participation in Regulation Processes**. The panellists were Eng. Ziria Tibalwa Waako, ERA Uganda; Mr. Malama Chileshe, COMESA; Ms Rhoda Limbani Mshana, African Development Bank; Mr Amon Mwadime, AMDA; Mr. Christopher Gross, GET.Transform and Dr Emmanuel Fiati, PURC Ghana. The key take-aways from the discussion were:

- To enforce accountability, regulators must reward compliance, and penalise non-compliance. The reality is that there is often no level playing field.
- Secondly, players must use their data to report quarterly to the regulators on the impact the projects are making on society and customers. Data collection must also be based on baseline studies.
- The regulator must be competent and proactive so that they do not lag behind. The sector must remain financially viable while regulators put in place various mechanisms to cater for the poor in society.

All the presentations are available on the website. www.afurnet.org

Regulatory Energy Transition (RETA)

AFUR continues to work with RETA to find areas of collaboration. AFUR participated in the 2024 RETA Roundtable in March where the Knowledge Hub was launched as well as the orientation on the Knowledge Hub on the 22nd and 23rd May.

AFUR, represented by the Chairman, ARSEL, Cameroon, serves on the RETA Steering Committee, together with Executive Member, EPRA, Kenya. We are delighted to announce that the new RETA Steering Committee has elected the Energy and Petroleum Regulatory Authority (EPRA) of Kenya as the Chair of RETA for the next two years.

Daniel Kiptoo Bargoria, Director General of EPRA, said: *“As Chair of the Steering Committee, I will ensure enhanced member growth and capacity in promoting flexible renewable-based systems, regulatory frameworks to deliver the energy transition, network planning for wide scale electrification, regional interconnection and a fair and inclusive energy transition. I hope that through RETA, we will collectively and openly share knowledge and resources to expedite the clean energy transition for a sustainable future for all.”*

Energy Regulators Association of East Africa (EREA)

The African Regional Regulators Summit, organised by EREA, took place virtually on the 3rd April 2024. The summit was a multi-stakeholder platform which was designed to bring together regulators, high-level policymakers, industry leaders, development partners, and other relevant stakeholders to engage in strategic and meaningful conversations. The topics included an overview of Green Hydrogen regulatory frameworks; the potential for hydrogen to energy markets in Eastern Africa, and the Bank's (AfDB) role in promoting Green Hydrogen. A report on the summit and key findings can be found on the website – www.afurnet.org

Energy Access Investment Forum 2024

The Forum took place from 20th May to 24th May in Lagos Nigeria. AFUR, represented by Mr. Sammuel Sebbowa:

1. Showcased the AFUR Mini-grid Regulation Generation Tool (RGT) – this is a tool developed by both AFUR and GET.transform which forms part of the Phase Two's scope of work for the AFUR Mini-grid Project.
2. Participate in a Panel Discussion on Collaboration for Energy Access on the Continent. The panellists included Mr Samuel Sebbowa, Christelle Odongo of UNDP, Robert Aitken of AfDB and Bhoomika Tiwari of GET.transform.
3. Deliver a Pilot of the AFUR, AfDB and UNDP Capacity Building Program for Mini-grids. This is a collaboration between AFUR, UNDP and AfDB, under their AMP and AMAP programs

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respectively. The feedback received from the pilot will be used to enhance this program going forward.

This event showed that:

- i. AFUR's role as a voice for regulators is important on the continent as it shows the willingness of regulators to push the SDGs
- ii. AFUR is doing a lot of work in the Energy Access field on the continent, but more needs to be done to spread word on this good work
- iii. There are many opportunities for AFUR in the area of energy outside the mini-grid project.
 - a. Regulations in general still need more work and understanding the roles of regulators is key
 - b. The Transport and Energy Sectors have a unique proposition when it comes to Electric Vehicles (EVs) on the continent.
- iv. The AFUR network is something that many organisations wish to leverage as it shortens time and saves resources

Infrastructure Africa 2024 Edition, Cape Town, South Africa from the 16th to 17th July.

One of the major highlights was the opening keynote address by **Minister Dean Macpherson, Department of Public Works and Infrastructure, South Africa**. He said that South Africa is on its way to achieving massive infrastructure developments, as the country will be turned into a "building site".

This year's event comprised 17 enlightening panel discussions led by industry experts.

The conference featured engaging panel discussions, keynote presentations, and interactive sessions that delved into the latest trends, challenges, and opportunities shaping the infrastructure landscape in Africa. Industry leaders and experts shared insights on strategies to enhance and develop infrastructure growth as well as address the evolving needs of the continent.

AFUR, represented by the Technical Manager, was on panel discussion number 10. The presentation was all about enabling regulatory frameworks that could facilitate Infrastructure development on the continent, as highlighted below.

Infrastructure development in Africa is crucial for economic growth and social development. However, there are several challenges that hinder the progress of infrastructure projects on the continent. One of the major obstacles is the government's inability to fund energy projects due to fragile sovereign balance sheets. Many African governments struggle with high debt levels and limited resources, making it difficult for them to invest in infrastructure development.

To overcome this challenge, regulatory frameworks that encourage private sector participation in infrastructure projects are necessary. One key issue is the expensive cost of private capital, which often deters investors from financing energy projects in Africa. To attract private

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investment, regulatory frameworks need to provide incentives such as tax breaks, guarantees, and subsidies to reduce the financial burden on investors.

Another obstacle to infrastructure development in Africa is the poor creditworthiness of most off-takers, whose balance sheets are often in the red. Further, many African countries have limited access to financing due to their low credit ratings, which makes it difficult for them to secure funding for infrastructure projects. Regulatory frameworks should include mechanisms to improve the creditworthiness of off-takers, such as credit enhancement tools, risk-sharing arrangements, and insurance schemes.

Achieving cost reflective tariffs is also important for the sustainability of infrastructure projects in Africa. Many countries in the continent struggle with setting tariffs at levels that cover the cost of production and maintenance of infrastructure assets. Regulatory frameworks need to establish transparent and accountable tariff-setting mechanisms to ensure that infrastructure projects are financially viable in the long run.

Furthermore, regulatory certainty, regulatory predictability, and policy stability are essential for attracting long-term investments in infrastructure development. Investors look for stable and predictable regulatory frameworks that provide a conducive environment for doing business. African governments need to create clear and consistent policies that support infrastructure development and safeguard the interests of investors.

Transparent power purchase agreements (PPAs) are vital for ensuring the success of energy projects in Africa. PPAs establish the terms and conditions for selling electricity from power plants to off-takers, and they play a crucial role in attracting private investment in the energy sector. Regulatory frameworks should include provisions for transparent and well-structured PPAs that protect the rights of both investors and off-takers.

Finally, simple, clear, and predictable regulatory frameworks are essential for reducing red tape and bureaucratic hurdles that often delay infrastructure projects in Africa. Many investors face challenges navigating complex regulatory processes and procedures, which can deter them from investing in the continent. African governments need to streamline regulatory frameworks and make them more user-friendly to facilitate the implementation of infrastructure projects.

In conclusion, regulatory frameworks play a critical role in encouraging the development of infrastructure in Africa. By addressing issues such as government funding constraints, expensive private capital, poor creditworthiness of off-takers, cost reflective tariffs, regulatory certainty, transparent PPAs, and streamlined regulations, African countries can attract investments and promote sustainable infrastructure development for the benefit of their economies and societies.

Mainstreaming mini-grid tariff settlement tools and methodologies across African Regulators.

Phase 1 of the project ended in March 2024 with five early adopters looking to implement the tool – Nigeria, Sierra Leone, Burkina Faso, Zimbabwe and Ghana. Zimbabwe and Burkina Faso have already started implementing the tool and would need further assistance on regulations. Ghana is

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reconsidering its position on using the tool just for the islands and would revert back to us in terms of how best they see the tool being used. Nigeria is already on a road map to fully implement the tool by the end of 2024. Sierra Leone will use the tool in a comparative manner with what they already have.

We are looking forward to Phase II of the project starting in September. The project will include:

1. Continued Tariff Tool and Methodology Adoption and support to current adopters
2. Develop the key mini-grid regulation templates and regulation generation tool; for African countries still in the infancy stages of mini-grid regulation so they don't start from scratch.
3. Sharing of experiences of the Tariff Toolkits and Methodology, as well as general regulations with the Regulators from the Indo-Pacific Regions.
4. Adoption of Mini-grid Toolkit from AfDB and mini-grid materials from UNDP
5. Creation of a Benchmark Report and Tool that can provide CAPEX and OPEX benchmarks for regulators, developers, and other key stakeholders.

Mini Grid Partnership (MGP) Steering Committee

AFUR received an invitation from Sustainable Energy for All (SEforALL) to join the Mini Grid Partnership (MGP) Steering Committee in recognition of the work done and continue to do within the mini grid space. AFUR will be represented by Mr Samuel Sebbowa from the AFUR Secretariat; ARSE, Burkina Faso and EPRA, Kenya.

MEMORANDUM OF UNDERSTANDING (MoU)

The following MoUs were signed:

- GIZ (Deutsche Gesellschaft für Internationale Zusammenarbeit), 7th March 2024
- COMESA (Common Market for Eastern and Southern Africa), 4th March 2024
- AMDA (AFRICA MINIGRID DEVELOPERS ASSOCIATION), 25th June 2024

UPCOMING EVENTS

The AFUR- AERF (Arab Electricity Regulators Forum) Infrastructure Asset Management (IAM) Workshop

The three-day workshop will be held either in Bahrain or Egypt in October or November. BADEA (Arab Bank for Economic Development in Africa) has allocated USD100 000 to this workshop, the funds will be used to cover the travel costs and accommodation for two delegates from each non-Arab AFUR energy member regulator.

AOW – Investing in African Energy

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This prestigious event takes place in Cape Town, South Africa from the 7th to 10th October. We will share details of the event in the coming weeks.

AFUR 21st Annual Conference and AGA

We are pleased to announce that the 21st Annual Conference will take place in Kribi, Cameroon from the 4th to 7th March 2025 and will be hosted by the Autorité Portuaire Nationale (APN). The theme for the conference is “***The Use Of Intelligent Technologies In Utilities – How Does The Regulator Promote Innovation While Protecting Consumers?***”.

As in the recent past, it is expected that the Conference will attract participants from around the continent including utility regulators, senior government officials, and the private sector, suppliers of energy, communications, water and sanitation as well as representatives from international development and finance institutions, investors and utility service providers. The event offers a unique opportunity for regulators, investors and operators throughout Africa to engage on regulatory issues of common interest.

We look forward to welcoming you in Kribi, Cameroon.
