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**AUC Programme on
Legal Harmonized Continental Regulatory Framework for the Energy Sector in
Africa: The Case of the Electricity Sector**

AUC Programme on
Legal Harmonised Continental Regulatory Framework for the Energy
Sector in Africa: The Case of the Electricity Sector

1. Introduction

The energy sector in Africa still faces huge challenges that include low generation capacity and efficiency, high costs, unstable and unreliable energy supplies and low access rates, amongst others. These challenges have adversely affected socio-economic development on the continent. With the demand for modern energy consistently on the rise, there critical need to address policy, investment, markets and technical barriers to energy sector development on the continent. The development of regional energy infrastructure and market is one of the key strategies to address these gaps and barriers.

There are many regional, continental and global initiatives in Africa aimed at addressing these barriers in the energy sector and accelerate access to modern and sustainable energy services on the continent including the Programme for Infrastructure Development in Africa (PIDA), the Sustainable Energy for All (SE4All) Initiative, the Africa Clean Energy Corridor for the Eastern and Southern African Power Pools, and the Africa-EU Energy Partnership (AEEP), amongst others. The continuing and gradual successes of these regional and continental initiatives suggest that regional and cross-border infrastructure will be a major component of the future African energy system.

The development of a sustainable regional infrastructure and the promotion of regional integration and intra-African trade require the development of effective, comprehensive and harmonised continental regulatory frameworks, which will enhance regional co-operation and co-ordination of stakeholders including Member States as well as Regional Institutions.

In the energy sector, a harmonised regulatory framework at the continental and regional levels will facilitate the creation of an African energy market, enhance private sector participation in the energy sector and mobilise the huge financial and technical resources required to provide modern energy access to all Africans as stipulated in the Agenda 2063 of the African Union Commission (AUC).

In the Maputo Declaration of 05 November 2010, African Energy Ministers committed to "harmonise regulations and promote good governance with a view to creating a conducive climate for increased direct investment, both national and foreign, and especially public-private partnerships". The African Energy Ministers recommended to the African Union Commission (AUC) to "strengthen and harmonize legal and regulatory frameworks in the African energy sector". In 2015, the African Union Commission (AUC) established a programme on Energy Regulatory Frameworks in order to identify gaps, recommend best practices and design action plans to harmonise continental and regional regulatory frameworks in the African energy sector, focusing specifically on the electricity sector.

2. Programme on "Harmonised Regulatory Frameworks for the Electricity Market in Africa"

The AUC in collaboration with the EU has developed a Strategy Document and Action plans on "Harmonisation of Regulatory Framework for the Electricity Market in Africa". The EU, through the Technical Assistance Facility (EU-TAF) recruited consultants to assist the AUC in implementing key activities from 2015 - 2016. The programme also secured funding from the Government of Spain and the European Union (EU) for the implementation of key activities from 2016 - 2017.

The main purpose of this Strategy and its Action Plans is to identify and detail the various interventions that will support the policy and legislative instruments and the measures to be taken at the national, regional and continental levels in ensuring the development of regional electricity markets on the continent.

i. Strategy for the development of a Harmonized Regulatory Framework for the Electricity Market in Africa

The Vision of the Strategy for the harmonization of the regulatory frameworks for the electricity market in Africa is to achieve a fully integrated, competitive and harmonized electricity market in order to accelerate Africa's development and improve access for the benefit of African citizens.

Considering the situation and the goals for the development of the African electricity market, the reforms/ actions needed for creating an enabling regulatory environment for electricity

markets development in Africa have been selected in order to contribute to six (6) strategic objectives, which are in accordance with the objectives of the main related continental programmes. The major objectives of the strategy include:

- Develop effective regional and continental electricity markets through legislative and regulatory measures and changes;
- Improve the operational efficiency and performance of the Electricity Supply Industry (ESI);
- Create stable, transparent and predictable environment to attract investments;
- Enhance electricity markets frameworks to increase access;
- Enhance Renewable Energy Frameworks;
- Establish norms, standards and frameworks for energy efficiency.

ii. **Action Plans for a Harmonized Regulatory Framework for the Electricity Market in Africa**

The purpose of the detailed Action Plan is to identify the actions, as well as the key actors required at the national, regional and continental levels to achieve continental regulatory harmonization. The objective is to enable the Actions to be implemented as a set of phase activities, starting from the short term to the long term. The Action Plan therefore recognizes that individual markets are at different stages of development and hence the development and liberalization of these markets were structured into Short (3-5 years: 2017-2021), Medium (6-8 years: 2022-2024) and Long (9-14 years: 2025-2030) terms.

The Action Plan also identified five (5) key pillars at the national, regional and continental levels, around which the regulatory harmonization process will revolve including:

- Creating a robust Economic Regulatory Framework;
- Establishing a solid Technical Regulatory Framework;
- Creating an Enabling Electricity Market;
- Enhancing Renewable Energy Framework;
- Establishing the norms, standards and frameworks for energy efficiency.;

The Action Plan also identifies the required resources and recommends programmes for implementations flagship projects.

3. Implementation of Activities: 2015 - 2016

The AUC in collaboration with the EU carried out a number of activities from 2015 - 2016 on the programme on "harmonization of the regulatory frameworks for the electricity market in Africa". These activities include:

- The AUC organized an Inception meeting with EU consultants in October 2015 to initiate the development of the (a) Strategy Document and (b) Action Plans;
- The AUC organized the First Stakeholders' Workshop from 23 - 24 February, 2016 in Addis Ababa, Ethiopia with the objective to solicit inputs from Continental and Regional Institutions to develop the Strategy and Action Plans for the harmonised continental and regional regulatory frameworks for the African electricity sector.
 - The outcomes of the first Workshop was used to develop the Strategy Document for the programme on "Harmonised Regulatory Frameworks for the African Electricity Sector".
- The AUC and the EU organized the Second Stakeholders' Workshop from 01 - 03 June, 2016 in Praia, Cape Verde with the objective to review the strategies, action plans and recommendations of the Strategy Document on harmonised regulatory frameworks in the electricity sector.
 - The outcomes of the second Workshop was used to finalise the Strategy Document and develop the Action Plan for the programme on "Harmonised Regulatory Frameworks for the African Electricity Sector".
- The AUC and the EU organized a validation workshop from 27 - 29 September, 2016 in Cairo, Egypt with the objective to validate the Strategy Document and the Action Plans and also build a consensus amongst all relevant African stakeholders on the implementation modalities of the programme.

4. Major Achievements

The major achievements include:

- Strategy Document developed.
- Action Plan document developed.
- Strategy Document and Action Plans validated.

- A consensus has been built amongst all relevant African stakeholders on the implementation modalities of the programme.

5. Future activities: 2017 - 2018

- Develop work programmes from the Action Plan Document to be implemented in the short- term.
- Carry out a study on Harmonized Transmission System Tariffs guidelines which will serve as the basis for developing regional harmonized transmission system tariffs, including wheeling charges and loss allocation approaches, to be applied by African Power Pools.
- Carry out a scoping study to establish a Coordination and Support Unit within AUC for implementation and follow-up of the Strategy and Action Plans.
- The AUC will mobilize financial and technical resources for the implementation of the Strategy and its Action Plan for the Harmonized Regulatory Framework for the Electricity Market in Africa.

6. Recommendations and Way Forward

- a) Establishment of a Coordination and Support Unit within the AUC for implementation and follow-up of the Strategy and Action Plans of the programme on Harmonization of Regulatory Frameworks in the Energy Sector. The Unit will focus on mobilising and ensuring strong co-ordination and political commitment among all stakeholders as well as human and institutional capacity development.
- b) Funding for the implementation of the Action Plans needs to be available in order for the AUC to strengthen its efforts in providing support to African Member States in the implementation of the programme.