



## REGULATORY STUDIES – LOTS 1 AND 2

# ECOWAS Regional Electricity Regulatory Authority

## ACTIVITY 1 : DEVELOPMENT OF A 5 YEAR STRATEGIC PLAN FOR ERERA

May 2013



# OUTLINE OF THE PRESENTATION



- 1) ERERA Vision, Mission, Values and Motto
- 2) Prioritization of ERERA's Objectives
- 3) Sectoral Analysis
- 4) Regional Market Study
- 5) Strategic Analysis
  - 1) Stakeholder Analysis
  - 2) PESTLE Analysis
  - 3) SWOT Analysis



# OUTLINE OF THE PRESENTATION (CONT.)



## 6) Plans for ERERA

- 1) 5-Year Strategic Plan
- 2) Implementation Plan – *The Design Monitoring Framework*
- 3) Departmental Work Plans
- 4) Collaboration Plan

## 7) ERERA HR Requirements

## 8) Budgets

## 9) Reporting Templates

## 10) Legal Review and Amendments



## ERERA's VISION, MISSION, VALUES AND MOTTO



# ERERA'S VISION, MISSION, VALUES AND MOTTO



**Vision:** aims to capture what the organization aspires to be.

Option 1	Option 2	Option 3
<p><i>“Our vision is to apply our professionalism in electricity regulation to achieve competitive and efficient electricity markets across the ECOWAS region for the benefit of all segments of society”</i></p>	<p><i>“Our vision is to apply our professionalism in electricity regulation to achieve competitive and efficient electricity markets across the ECOWAS region, enabling access to electricity for socio-economic transformation”</i></p>	<p><i>“Our vision is to apply the highest standards of governance in electricity regulation to realise sustainable electricity markets across the ECOWAS region for the benefit of all segments of society”</i></p>



# ERERA's VISION, MISSION, VALUES AND MOTTO



## Possible medium-term Vision Statement:

*“Our vision is to establish ERERA with the capacity to completely fulfil its mandate in electricity regulation to achieve competitive and efficient electricity markets across the ECOWAS region for the benefit of all segments of society”*



# ERERA's VISION, MISSION, VALUES AND MOTTO



**Mission Statement:** provide a statement of the purpose of ERERA

*“Serving the market by the application of regulatory interventions aimed at expanding regional electricity trade”*

Or

*“Applying regulatory interventions aimed at reliably and economically serving consumers in the ECOWAS region”*



# ERERA'S VISION, MISSION, VALUES AND MOTTO



## Values:

- **Professionalism** – promoting and applying the highest standards in electricity regulation
- **Integrity** – applying consistency of actions, values, methods, and principles
- **Transparency** – ensuring that operators and customers have full access to market information
- **Teamwork** – working collaboratively with all stakeholders
- **Affordability** – working to make electricity affordable to existing and aspiring customers
- **Regulatory Leadership** – pro-actively promoting the highest regulatory standards in the national regulators of the ECOWAS member states





# ERERA's VISION, MISSION, VALUES AND MOTTO



**Motto:** a phrase meant to formally summarise the general motivation of an organisation.

*“Working to promote a competitive and efficient regional electricity market”*

Or:

*“Promoting a sustainable electricity market for the benefit of everyone in the region”*

Or:

*“Serving society through professional regulation of the electricity market”*



## PRIORITIZATION OF ERERA'S OBJECTIVES

# PRIORITIZATION OF ERERA'S OBJECTIVES



## Standard Prioritization Criteria

- Relative *importance* to the organization
- Relative time to implement (*urgency*)
- Relative *expense*
- Relative *viability*



# PRIORITIZATION OF ERERA'S OBJECTIVES



## ERERA's Objectives

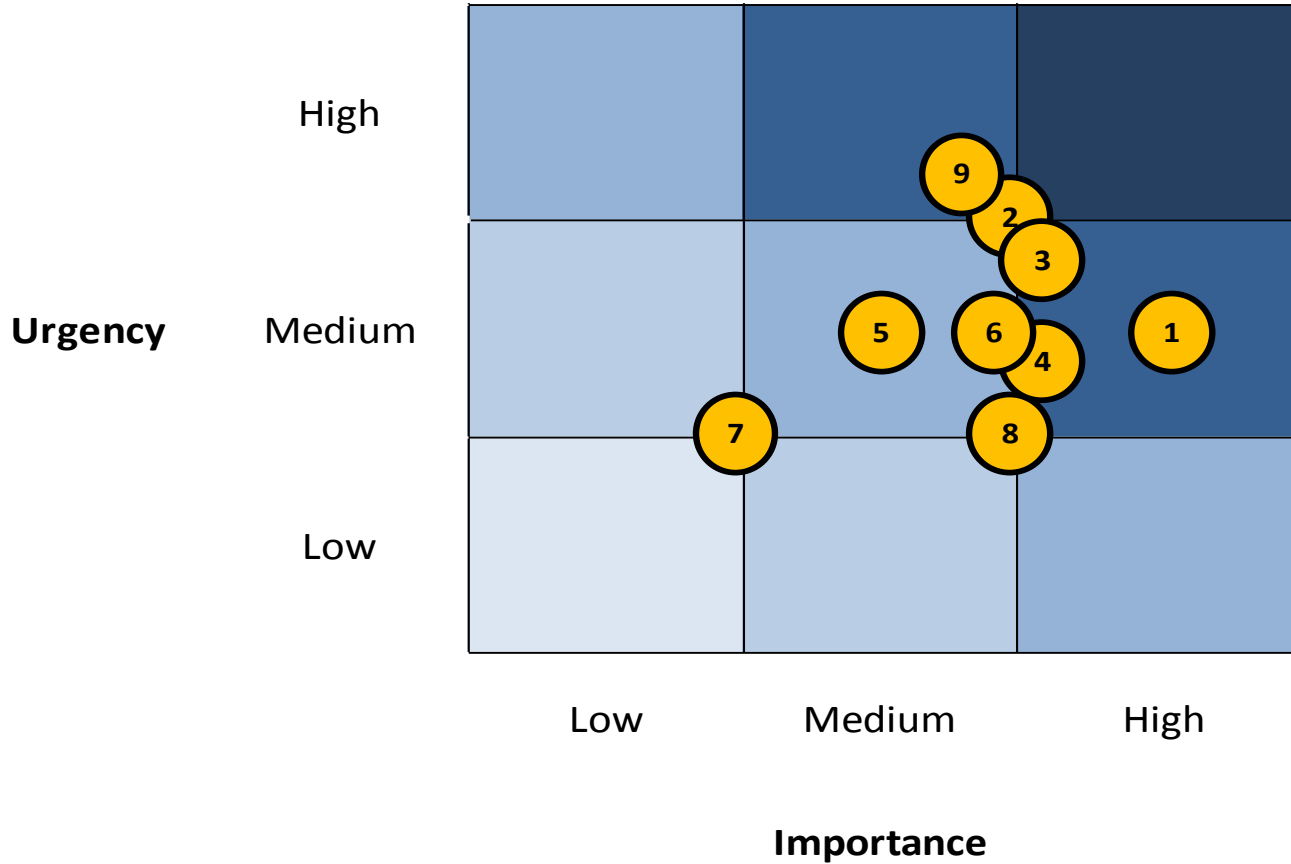
No.	Goal	Importance	Urgency
1	Regulation of regional power trade	H	M
2	Establish a tariff setting methodology	M/H	M/H
3	Setting-up regulatory and economic environment	M/H	M/H
4	Technical regulation and monitoring	M/H	M
5	Defining regional energy policy	M	M
6	Establish dispute resolution methodologies	M/H	M
7	Assisting national regulators with capacity building	L/M	L/M
8	Regional market development	M/H	L/M
9	Transmission pricing	M/H	M/H



# PRIORITIZATION OF ERERA'S OBJECTIVES



## Prioritization Matrix



# PRIORITIZATION OF ERERA'S OBJECTIVES



## ERERA's Objectives

Priority	No.	Goal
High	1	Regulation of regional power trade
	2	Establish a tariff setting methodology
	3	Setting-up regulatory and economic environment
	9	Transmission pricing
Moderately High	4	Technical regulation and monitoring
	6	Establish dispute resolution methodologies
Moderate	5	Defining regional energy policy
	8	Regional market development
Low	7	Assisting national regulators with capacity building



## SECTORAL ANALYSIS

# SECTORAL ANALYSIS - 1



Country	New Legislation	Restructuring	IPPs	Third Party Access	Regulator	Privatization	Utilities		
Benin	In adoption process		No	No	Being Established (ARSE*)	Expected in the future	G	CEB	
							T		
							D		SBEE
							R		
Burkina	2005 Bill	No	No	Expected in the future	Being Established	Expected in the future	G	SONABEL, Rural Power Utilities	
							T		
							D		
							R		
Cote d'Ivoire	1985 Bill +1998 decrees	No	Yes	No	ANARE	CIE: leasing contract	G	CIE, IPP (Generation only)	
							T		
							D		
							R		
Gambia	Electricity Bill & Regulatory Act of 2005	No	Yes	No	PURA	Expected in the future	G	NAWEC, IPPs (Generation only)	
							T		
							D		
							R		



# SECTORAL ANALYSIS - 2



Country	New Legislation	Restructuring	IPPs	Third Party Access	Regulator	Privatization	Utilities
<b>Ghana</b>	PURC & Energy Com. Act of 1997	Expected in the future	No	Expected in the future	PURC & Energy Commission	No	G
							T
							D
							R
<b>Guinea</b>	1993 Act	No	No	No	Implementation in progress	No	G
							T
							D
							R
<b>Guinea Bissau</b>	Draft Act	No	No	No	Expected in the future	Expected in the future	G
							T
							D
							R
<b>Liberia</b>	Electricity Act 1973	Expected in the future	No	No	Expected in the future	Expected in the future	G
							T
							D
							R

# SECTORAL ANALYSIS - 3



Country	New Legislation	Restructuring	IPPs	Third Party Access	Regulator	Privatization	Utilities	
<b>Mali</b>	1999 Act	Expected in the future	No	Expected in the future	CREE	Concession on going	G	EDM-SA
							T	
							D	
							R	
<b>Niger</b>	2003 Act	Expected in the future	No	No	ARM	Expected in the future	G	NIGELEC, SONICAR
							T	
							D	NIGELEC
							R	NIGELEC
<b>Nigeria</b>	2005 Act	Expected in the future	Yes		NERC	Expected in the future	G	IPPs
							T	Transmission Companies
							D	Distribution Companies
							R	
<b>Senegal</b>	1998 Act	Expected in the future	Yes	Expected in the future	CRSE	Expected in the future	G	SENELEC
							T	
							D	
							R	

# SECTORAL ANALYSIS - 4



Country	New Legislation	Restructuring	IPPs	Third Party Access	Regulator	Privatization	Utilities
<b>Sierra Leone</b>	Expected in the future	Expected in the future	No	No	Expected in the future	Expected in the future	G Ministry of Energy
							T NPA
							D
							R
<b>Togo</b>	2000 Act	Foreseen	No	No	ARSE	No	G CEB, CEET
							T CEB
							D CEET
							R

# REGIONAL MARKET STUDY

## Comparative Study involving:

- South African Power Pool (SAPP)
- East African Power Pool (EAPP)
- Nord Pool

# REGIONAL MARKET STUDY



Increasing Degree of regional integration

Infrastructural Integration		Regulatory Integration		Commercial Integration	
Isolated national power systems		Independent national regulation		National markets with local ownership	
Cross-border transmission capabilities	SAPP, EAPP, WAPP	Compatible regulation		Cross-border trade and ownership	SAPP, EAPP, WAPP*
Coordinated effort in transmission investment	Nordic Countries	Coordination of regulatory agencies	Nordic Countries, SAPP*, EAPP*,	Regional spot market	
Fully integrated regional system operation		Regional regulatory agency		Regional secondary/futures market	Nordic Countries

## Key Learning for ERERA:

- Steps
  - Similar legislation and regulatory framework
  - The national markets were included when opened for competition
  - Common transmission tariff structure
  - Import/export restrictions are abolished gradually
  - Border tariffs are removed gradually
  - Co-ordinated investments in the central grids
  - National procedures for system services and balancing

# STRATEGIC ANALYSIS

*STAKEHOLDER ANALYSIS*

*PESTLE ANALYSIS*

*SWOT ANALYSIS*



## Stakeholder Groups

### 1. Regional Stakeholders

- *ECOWAS Commission (EC)*
- *ECREEE (ECE)*
- *ECOWAS Court of Justice (ECJ)*
- *UEMOA Commission (UC)*
- *UEMOA Court of Justice (UCJ)*
- *Common Court of Justice and Arbitration of OHADA (CCJA)*
- *Competition Authority of ECOWAS (ECA)*

## Stakeholder Groups (continued)

### 2. Government Policy-makers

- National Ministries of Energy (MIE)

### 3. Implementing agency staff

- ERERA staff (EST)

### 4. Intended beneficiaries

- National regulators (NRE)
- National operators, including OMVS and OMVG (RNO)
- WAPP

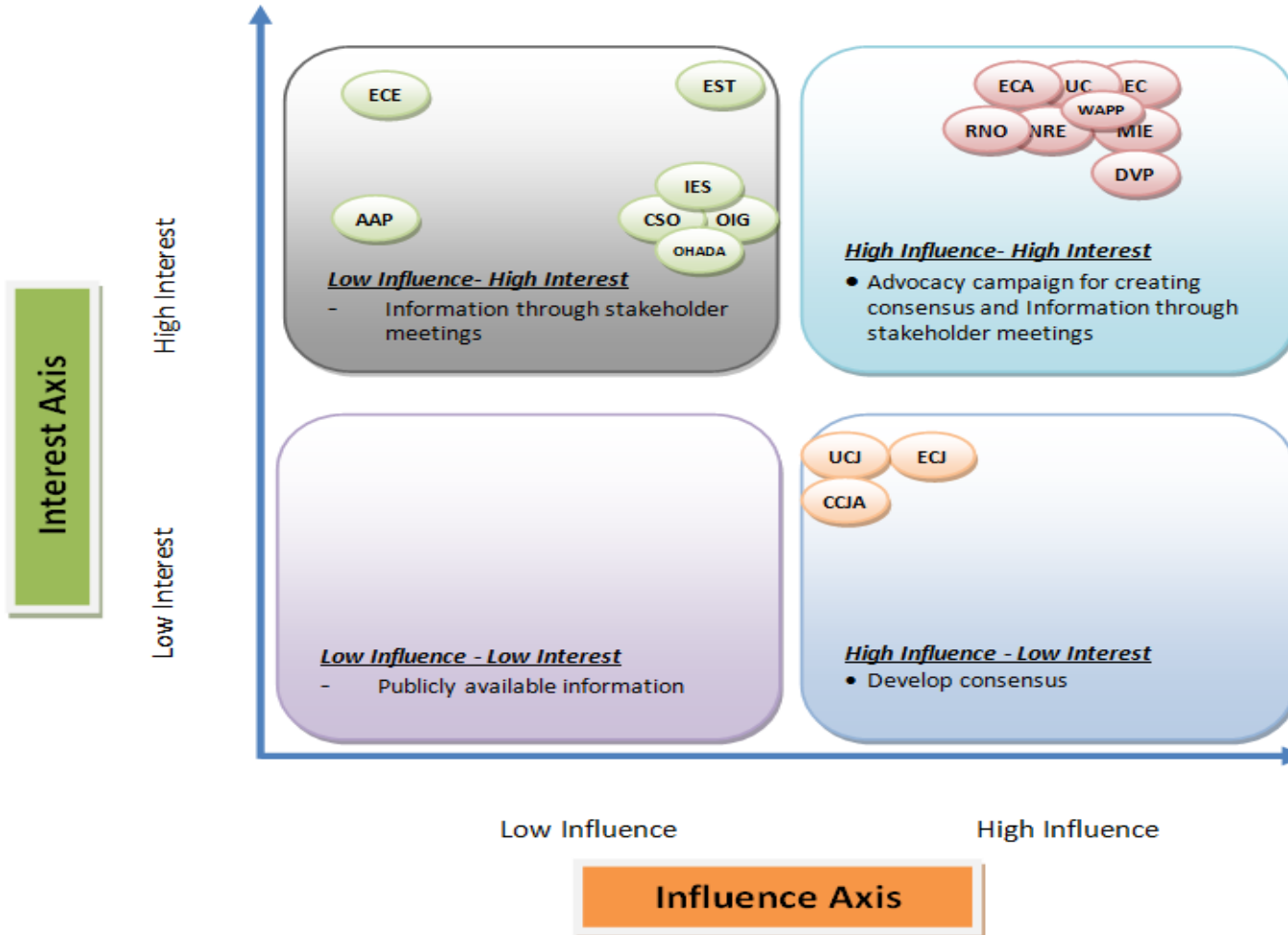
## Stakeholder Groups (continued)

5. Adversely Affected Persons (AAP)
6. Organised Interest Groups (e.g. business associations, trade unions) (OIG)
7. Civil Society (e.g. NGOs, CBOs, religious organisations) (CSO)
8. Donors (DVP)
9. Other External / International stakeholders (IES)

# STAKEHOLDER ANALYSIS



## Stakeholder Matrix



- EC: ECOWAS Commission
- ECE: ECREEE
- ECJ: ECOWAS Court of Justice
- UC: UEMOA Commission
- UCJ: UEMOA Court of Justice
- CCJA: Common Court of Justice and Arbitration of OHADA
- ECA: Competition Authority of ECOWAS
- MIE: National Ministries of Energy
- EST: ERERA staff
- NRE: National regulators
- RNO: National operators, including OMVS and OMVG
- WAPP
- AAP: Adversely Affected Persons
- OIG: Organised Interest Groups
- CSO: Civil Society
- DVP: Donors
- IES: Other External / International stakeholders

## 1) Political

- Inconsistency of political will at both the national and regional level
- Non-uniform regulation of cross-border exchanges
- Several ECOWAS countries do not yet have a national regulator

## 2) Economic

- Few private sector power projects in the region, due to legal, political and economic obstacles
- Regulatory regimes are volatile in some member countries
- Need for transmission pricing systems
- Non-harmonised electricity tariffs and petroleum taxes
- No standardised contractual models in the regional market

## 3) Social

- Strong demand – from households in the region - for access to an affordable supply of electricity

## 4) Technological

- Geographically ‘stranded’ energy resources
- Several regional energy regulators are higher up the learning curve
- Few interconnections at present, but a number in prospect
- No uniform Technical Rules in operation across the region
- Poor reliability of regional transmission network

# PESTLE ANALYSIS



## 5) Legal

- Need for harmonisation of legislation and enforcement in the sector
- Improvements needed in legal/contractual arrangements between members, i.e. balancing power
- Differences in regulatory approaches between countries
- Interconnection agreements in preparation
- Majority of member countries do not have Third Party Access

## 6) Environmental

- Environmental and social guidelines are available for the region
- Some member countries have RE policies and laws





## 1) Strengths

- A clearly-defined Mandate from the ECOWAS Commission
- A clear view on its priorities in the Mandate
- Commitment to the Mandate from the ERERA Council and from the ECOWAS Commission
- Commitment to capacity building and recognition of requirements
- “Clean Slate” enables ERERA to avoid problems faced by other international regulators

## 2) Weaknesses

- Under-resourced vis-a-vis ERERA's Mandate
- Lack of committed funding for the future
- Regulatory powers split in the founding text/legislation
- ECOWAS oversees senior recruitment
- ERERA does not yet have a communications strategy
- Relations with WAPP could be improved
- No interfaces with consumer groups, at present
- Internal capacity building

## 3) Opportunities

- Strong economic growth in the region
- Vast regional scope for utilising remote/stranded energy resources
- Pressure from donors to promote renewable energy
- Several more mature regional regulators higher up the learning curve
- Need for harmonisation of legislation and enforcement in the sector
- Need for improvements in legal/contractual arrangements between members
- Need for more interconnections before WAPP realises its full potential
- Existing or up-coming opportunities for regional trade in electricity
- Donors well disposed towards regional integration projects

## 4) Threats

- Region is unattractive to international private sector investors;
- Regulatory regimes and political decision-making of national governments can be volatile;
- Differences between Anglophone and Francophone legal systems
- Many national utilities have low investment capacity;

## 5) Combined Opportunities & Threats

- National regulators do not yet exist in all ECOWAS states
- Need for transmission pricing systems
- Regional trading requires rules, capacity, structures, systems, etc.
- Need for harmonisation of legislation and enforcement in the sector
- National governments control the electricity sector in the home market;
- Resistance to greater private sector participation in the sector
- No uniformity of technical rules and codes across the region
- Cost recovery tariffs, and regulatory processes that sustain these, do not exist in most countries in the region

# ACTION PLAN



- Address ERERA's current inadequate manning levels;
- Secure ERERA's funding for the medium-term;
- Greater regulatory power needs to be transferred to ERERA;
- ERERA needs to assume control of senior appointments from ECOWAS;
- Develop a Communications Strategy;
- More fluent information exchanges with WAPP, together with overall better inter-relations;

# ACTION PLAN (CONTINUED)



- Accelerate the planned Consultative Committee; consider how to give a voice to smaller customers and to those currently unserved;
- Conduct extensive internal capacity building is required in order to fulfil the Mandate, even after manning levels are improved;
- Reconcile member countries Government viewpoints on private sector participation in the sector;
- Improve investment capacity of national utilities by encouraging full cost-reflective tariffs, sector reform and private sector investment;



# ACTION PLAN (CONTINUED)



- Introduce third party access needs in all member states;
- Moderate volatility of regulatory regimes and decision-making at the national level;
- Harmonize legislation and enforcement;
- Encourage and support national regulators in all member states;
- Be proactive in developing an effective and efficient transmission pricing system for the region;
- Develop rules, human capacity, IT systems, processes and procedures, etc. for power trading



# ACTION PLAN (CONTINUED)



- Engage national utilities and their governments to promote the full benefits of power trade versus self-sufficiency in generation;
- Consider role in realizing WAPP identified generation and transmission projects with a view to expanding regional power trade;
- Regularize power trading legal and contractual arrangements between members;
- Promote the benefits of exploiting the twin trends of increased household incomes and greater demand for access to affordable electricity supplies through regional power trade;
- Learn from the more mature regional regulators



# PLANS FOR ERERA

*5-YEAR STRATEGIC PLAN*

*DEPARTMENTAL WORK PLANS*

*COLLABORATION PLAN*

*IMPLEMENTATION PLAN*

## Key Activities

- Activity 1: Market Development
- Activity 2: Regulation
- Activity 3: Institutional Capacity Building
- Activity 4: Financing

## Activity 1: Market Development

1. Engage national governments through the regional regulatory forums for developing the regional power market by raising awareness of
  - the importance of private sector
  - cost-reflective electricity tariffs
  - full benefits of regional power trade over policies of self-sufficiency in generation
  - adverse impacts of volatility in approaches to, and decision-making in, sector regulation

## Activity 1: Market Development

2. Develop a programme to promote third party access in all member countries
  - Develop a programme to promote third party access in all member countries
  - Implement programme
  - Monitor and evaluate effectiveness of the programme
  
3. Support WAPP efforts to expand major regional infrastructure
  - Develop a programme to support implementation of WAPP Master Plan update of 2011
  - Monitor and evaluate effectiveness of ERERA's contribution to regional infrastructure expansion

## Activity 1: Market Development

4. Improvement and regularisation of legal and contractual arrangements between members
  - Finalisation of study into harmonisation of contracts
  - Continuation with implementation of contract harmonisation

## Activity 2: Regulation

1. ERERA to lobby ECOWAS Commission for the transfer of greater regulatory powers
  - Develop a plan for regulatory power transfer to ERERA, together with an assessment of the capacity implications
  - Make representations to ECOWAS Commission for greater regulatory power to be transferred to ERERA
  - Implement capacity enhancements

## Activity 2: Regulation

2. ERERA to complete the implementation of an effective and efficient transmission pricing system across the region
  - Develop a plan for completing the approval and adoption of a scheme of transmission pricing across the region
  - Implement the plan
  
3. ERERA to accelerate the formation of consultative groups
  - Implementation of the planned Consultative Committee to be accelerated
  - ERERA to develop a plan for providing smaller customers with consultative representation



## Activity 2: Regulation

4. Development of power trading capacity and infrastructure
  - Development of rules for power trading
  - Development of capacity in power trading
  - Development of trading processes and procedures
  - Procurement of and training in the use of power trading IT systems
  
5. Other
  - Resolve ERERA royalty rates issue

# 5-YEAR STRATEGIC PLAN



## Activity 3: Institutional Capacity Building

1. ERERA manning levels to be raised to an appropriate level
  - Develop recruitment programme
  - Implement recruitment programme
  - Periodically review adequacy of manning levels
2. Extensive internal capacity building to be undertaken
  - Undertake training needs assessment
  - Develop training programme
  - Implement training programme
  - Monitor the effectiveness of the capacity building programme
3. Conclude preparation of internal procedures manual

## Activity 3: Institutional Capacity Building

4. ERERA to assume control of senior recruitment
  - Develop a plan as to how senior recruitment would be undertaken by ERERA
  - Make representations to ECOWAS Commission for control to be transferred to ERERA
  - Implement the senior recruitment plan
  
5. A Communications Strategy to be developed and implemented
  - Develop Communications Strategy
  - Implement Communications Strategy
  - Monitor the effectiveness of the Communications Strategy

## Activity 3: Institutional Capacity Building

6. More fluid relations with WAPP to be developed
  - ERERA to develop plans for more expedient information exchange with WAPP to be introduced
  - ERERA to periodically assess relations with WAPP, and to address any shortcomings
  
7. Programme of collaboration with more mature regional regulators to be developed and implemented
  - Define the required outcomes from the collaboration programme
  - Develop the collaboration (Cooperation Agreement) programme
  - Implement the programme
  - Monitor and evaluate the effectiveness of the programme, and amend where required

## Activity 4: Financing

1. Secure medium-term funding for ERERA
  - ERERA to continue with efforts to secure medium-term funding

# IMPLEMENTATION PLAN



## Design Monitoring Framework for ERERA's Strategic Plan

Design Summary	Performance Indicators	Targets/	Data Sources/ Reporting Mechanisms	Assumptions/ Risks
<p>Impact:</p> <p>Enable ERERA to fulfil its mandate</p>	<p>Increased cross-border trade</p> <p>Increased Private Sector Participation</p> <p>Able to specify, enact and implement regulations</p> <p>Able to monitor and regulate markets and systems, and resolve disputes</p>		<ul style="list-style-type: none"> <li>✓ WAPP</li> <li>✓ ECOWAS Reports</li> <li>✓ Donor Reports</li> </ul>	<p>Overlapping regulatory powers are removed</p> <p>High influence stakeholders are effectively managed</p> <p>No external environmental influences</p>
<p>Outcome:</p> <p>Improved regulation and operation of the regional market</p>	<p>Implementation of regional network regulations</p> <p>Harmonised cross border power trade arrangements</p>		<ul style="list-style-type: none"> <li>✓ ERERA Technical Regulation Department</li> </ul>	<p>Cooperation of national regulators and utilities</p>
<p>Outputs:</p> <ul style="list-style-type: none"> <li>✓ Strengthened institutional capacity of ERERA</li> <li>✓ Communication strategy</li> <li>✓ Regional Market Harmonisation and Integration</li> <li>✓ Financial security/stability for ERERA</li> </ul>	<ul style="list-style-type: none"> <li>✓ Successful meetings with ECOWAS and national stakeholders to operationalise decisions</li> <li>✓ Positive accomplishments in implementation process</li> <li>✓ Perceived impact of initiatives taken by ERERA</li> </ul>		<ul style="list-style-type: none"> <li>✓ ERERA Annual Reports</li> <li>✓ ECOWAS meetings</li> <li>✓ Forums involving national regulators and utilities</li> </ul>	<ul style="list-style-type: none"> <li>✓ Support of ECOWAS</li> <li>✓ Cooperation of regional stakeholders</li> <li>✓ Support from donor community</li> </ul>
<p>Activities:</p> <ul style="list-style-type: none"> <li>✓ ERERA manning levels to be raised to an appropriate level</li> <li>✓ Extensive internal capacity building to be undertaken</li> <li>✓ ERERA to assume control of senior recruitment</li> <li>✓ Develop and implement a Communications Strategy</li> <li>✓ Develop regional power market by engaging with regional regulators</li> <li>✓ Support efforts to expand regional infrastructure</li> <li>✓ Improvement and regularisation of legal and contractual arrangements, pricing policies and structures</li> <li>✓ Stakeholder engagement for greater regulatory powers and financing</li> </ul>			<p>Inputs:</p> <ul style="list-style-type: none"> <li>✓ Financing:</li> </ul>	

# DEPARTMENTAL WORK PLANS



ERERA Department	Activity
Technical Regulation	Market Development
	Regulation
Finance and Administration	Institutional Capacity Building
	Financing



# DEPARTMENTAL WORK PLANS



## Technical Regulation Department

Activity 1: Market Development		Activity Programme															
		2013			2014			2015			2016			2017			
1.1.1	Promote Role of Private Sector	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█
1.1.2	Promote Advantages of Trade over Self-Sufficiency	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█
1.1.3	Promote Need for Stability in Sector Regulation	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█
1.2.1	WAPP Support Programme Development	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█
1.2.2	WAPP Support Programme Implementation	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█
1.2.3	WAPP Support Programme M&E	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█
1.3.1	Harmonisation Study Finalisation	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█
1.3.2	Harmonisation Implementation	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█



# DEPARTMENTAL WORK PLANS



## Technical Regulation Department

Activity 2: Regulation		Activity Programme														
		2013			2014			2015			2016			2017		
2.1.1	Regulatory Power Transfer Plan Development															
2.1.2	ECOWAS Commission Representations															
2.1.3	Capacity Enhancement Implementation															
2.2.1	TPA Programme Development															
2.2.2	TPA Programme Implementation															
2.2.3	TPA Programme M&E															
2.3.1	Consultative Committee Implementation															
2.3.2	Consultation Group for Smaller Customers															
2.4.1	Power Trading Rules Development															
2.4.2	Power Trading Capacity Development															
2.4.3	Power Trading Processes and Procedures Development															
2.4.4	Power Trading IT Systems Procurement															
2.5.1	ERERA Royalty Rates															



# DEPARTMENTAL WORK PLANS



## Finance and Administration Department

Activity 3: Institutional Capacity Building		Activity Programme				
		2013	2014	2015	2016	2017
3.1.1	Recruitment Plan Development	█				
3.1.2	Recruitment Plan Implementation	█	█	█	█	█
3.1.3	Periodic Review of ERERA Manning Levels		█	█	█	█
3.2.1	Training Needs Assessment		█	█	█	█
3.2.2	Training Programme Development		█	█	█	█
3.2.3	Training Programme Implementation		█	█	█	█
3.2.4	Training Programme M&E		█	█	█	█
3.3.1	Senior Recruitment Plan Development	█				
3.3.2	Senior Recruitment Plan Representations to ECOWAS Commission	█	█			
3.3.3	Senior Recruitment Plan Implementation		█	█		
3.4.1	Communications Strategy Development		█			
3.4.2	Communications Strategy Implementation		█	█	█	█
3.4.3	Communications Strategy M&E		█	█	█	█
3.5.1	WAPP Communications Augmentation Plan Development		█			
3.5.2	Periodic Assessment of Relations with WAPP		█	█	█	█
3.6.1	Definition of Required Outcomes from Collaboration Programme	█				
3.6.2	Collaboration Programme Development		█	█	█	█
3.6.3	Collaboration Programme Implementation		█	█	█	█
3.6.4	Collaboration Programme M&E		█	█	█	█
3.7.1	Internal Procedures Manual Completion	█	█			

# DEPARTMENTAL WORK PLANS



## Finance and Administration Department

Activity 4: Financing		Activity Programme														
		2013			2014			2015			2016			2017		
4.1.1	Secure Medium-Term Financing															

# COLLABORATION PLAN



Key Stakeholders	Collaboration Plan
ECOWAS Commission ( <i>High Influence-High Interest Group</i> )	Close coordination and communication; integration into any legal drafting process
<p>The Courts of Justice: (<i>High Influence-Low Interest Group</i>)</p> <p>ECOWAS Court of Justice; UEMOA Court of Justice; Common Court of Justice and Arbitration (CCJA) of OHADA</p>	Maintaining lines of communication especially when dealing with disputes. Inclusion of members in major regulatory decisions.
Competition Authority of ECOWAS and the UEMOA Commission ( <i>High Influence-High Interest Group</i> )	Use of focal points to coordinate activities of interest.



# COLLABORATION PLAN



Key Stakeholders	Collaboration Plan
National Regulators ( <i>High Influence-High Interest Group</i> )	Regular coordination and meetings with national regulators; use of collaborative decision making process
National Operators including sub-regional organisations - OMVS, OMVG ( <i>High Influence-High Interest Group</i> )	<p>Use a consensus building techniques to inform, update and engage the national operators at seminars and regional meetings.</p> <p>OMVG, OMVS: Review current organizational and operational rules to integrate them into WAPP</p>
Private sector ( <i>Low Influence - High Interest Group</i> )	Raise awareness of reforms and to promote private sector participation.



# ERERA HR REQUIREMENTS

# ERERA HR REQUIREMENTS



- 1) Personnel Requirements
- 2) Proposed Capacity Building Program



## 1) Personnel Requirements

- Energy Specialist: market (organisation and rules), tariffs, planning
- Competition Specialist: market rules and negotiations of cooperation agreements
- Statistical economics: statistical aspects, economic modelling/ data base, benchmarking and economic forecasting
- Financial Analyst: follow-up and analysis of the financial standing of operators



## 1) Personnel Requirements (continued)

- Power sector regulation: structuring of the regional market
- Competition law: development and application of competition laws
- Arbitration and dispute resolution
- Electrical systems planning: supervise activities related to infrastructural development
- Management/Operation of electric systems: setting technical rules and standards and monitoring their application
- Environment: development of regional environmental framework

## 1) Personnel Requirements (continued)

- Network-Webmaster: procure and set up the data-processing network
- Database: development and management of the database
- Publication / Information Dissemination and Documentation: develop a communication plan
- Relations Public/Media: implementation of the communication plan
- Treatment of complaints and requests

# ERERA HR REQUIREMENTS



## 2) Proposed Capacity Building Program

Functional Areas	Training
<i>Governance</i>	Seminars/Workshop and Executive Sessions on regional Electricity Markets and Power Pools Training Course on Advocacy for ERERA staff Training Course on Power Pool Regulation
<i>Creating an Enabling Environment</i>	Training Course on Tariff Policy Training Course on Power Purchase Agreements Training Course on Tariff-setting Methodologies Training Course on Public-Private Partnerships
<i>System Regulation</i>	Training Courses on codes and standards for interconnections Training Course on Power Pools – Codes and Guidelines Training Course on Management Information Systems Training Course on Monitoring and Evaluation
<i>Practical Attachments/Study Tours for ERERA Staff</i>	Utilities Power Pools



## BUDGETS

# ERERA 5-YEAR BUDGET



## Budget Summary

Budget Summary in Euros					
	2013	2014	2015	2016	2017
<i>Activity 1</i>	113,000	80,000	80,000	80,000	80,000
<i>Activity 2</i>	345,500	100,000	100,000	100,000	100,000
<i>Activity 3</i>	447,000	278,000	278,000	278,000	278,000
<i>Activity 4</i>	79,500	-	-	-	-
<i>Staff Costs</i>	888,181	888,181	888,181	888,181	888,181
<i>Operations and Overheads</i>	530,500	464,000	464,000	464,000	464,000
<b>Total Costs</b>	<b><u>2,405,694</u></b>	<b><u>1,812,195</u></b>	<b><u>1,812,196</u></b>	<b><u>1,812,197</u></b>	<b><u>1,812,198</u></b>

Total Funding Requirement: Euros 9,654,480



# ERERA 5-YEAR BUDGET



## Financing Options

<u>Year 1:</u>	<u>Year 2:</u>	<u>Year 3:</u>	<u>Year 4:</u>	<u>Year 5:</u>
<ul style="list-style-type: none"> <li>• Development Partners: 66%</li> <li>• ECOWAS: 34%</li> </ul>	<ul style="list-style-type: none"> <li>• Development Partners: 44%</li> <li>• ECOWAS: 45%</li> <li>• Market Operations: 11%</li> </ul>	<ul style="list-style-type: none"> <li>• Development Partners: 33%</li> <li>• ECOWAS: 30%</li> <li>• Market Operations: 37%</li> </ul>	<ul style="list-style-type: none"> <li>• Development Partners: 22%</li> <li>• ECOWAS: 20%</li> <li>• Market Operations: 58%</li> </ul>	<ul style="list-style-type: none"> <li>• Development Partners: 11%</li> <li>• ECOWAS: 10%</li> <li>• Market Operations: 79%</li> </ul>

	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
<i>Development Partners</i>	1,587,758	797,366	598,025	398,683	199,342
<i>ECOWAS</i>	817,936	815,488	543,659	362,439	181,220
<i>Market Operations</i>		199,341	869,854	1,051,074	1,431,636
<b><u>Total</u></b>	<b><u>2,405,694</u></b>	<b><u>1,812,195</u></b>	<b><u>1,812,196</u></b>	<b><u>1,812,197</u></b>	<b><u>1,812,198</u></b>



## REPORTING TEMPLATES



## Evaluation Reporting

- **Table of Contents**
  - Executive Summary
  - Introduction
  - Methodology
  - Findings/progress
  - Conclusion and Recommendations
  - Appendices
    - Design and Monitoring Framework
    - Operation M&E Plan
    - Definitions, terms and acronyms



# REPORTING TEMPLATES



## Template for Reporting Progress

Impacts and Outcomes	% Completion Status	Inputs	Problems encountered and actions taken	Data Sources	Observations	Critical Interventions



## LEGAL REVIEW AND AMENDMENTS

# LEGAL REVIEW AND AMENDMENTS



## Ongoing Activities

- Development of Best Contractual Practices” under Activity 5 of Lot 2

## Amendments

- Supplementary measures to provide ERERA with the the indisputable legal basis and political legitimacy

# THANK YOU



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# ERERA 5-YEAR BUDGET



## Back-up Slides



# ERERA 5-YEAR BUDGET



## Activity 1: Market Development

Activity 1: Market Development											
SI	Activities	Sub-tasks	Cost Items	unit	number	Rate (in Euros)	Total (in Euros)				
							2013	2014	2015	2016	2017
1.1.1	Promote Role of Private Sector	Regional forums	Forum costs	number of forums	4	20,000	80,000	80,000	80,000	80,000	80,000
1.1.2	Promote Advantages of Trade over Self-Sufficiency										
1.1.3	Promote Need for Stability in Sector Regulation										
1.2.1	WAPP Support Programme Development	Assist the implementation of the regional projects identified in Regional Master Plan									
1.2.2	WAPP Support Programme Implementation	Coordination with WAPP, operators and private generators (see costs for regional forums)									
1.2.3	WAPP Support Programme M&E										
1.3.1	Harmonisation Study Finalisation	Finalization	Fees	days	30	900	27,000				
			Flights	return flights	2	2000	4,000				
			Per Diems	days	10	200	2,000				
			<u>Sub-total</u>					<u>33,000</u>	-	-	-
1.3.2	Harmonisation Implementation		Meetings with Consultative Committees								
<b>TOTAL</b>							<b>113,000</b>	<b>80,000</b>	<b>80,000</b>	<b>80,000</b>	<b>80,000</b>

# ERERA 5-YEAR BUDGET



## Activity 2: Regulation

							Activity 2: Regulation					
							2013	2014	2015	2016	2017	
SI	Activities	Sub-tasks	Cost Items	unit	number	Rate (in Euros)	Total (in Euros)					
2.1.1	Regulatory Power Transfer Plan Development	Harmonization of the missions and powers of national regulators on cross-border exchanges	Fees	days	40	900	36,000					
2.1.2	ECOWAS Commission Representations											
2.1.3	Capacity Enhancement Implementation											
2.2.1	TPA Programme Development	Approval of regional Grid Code	Fees	days	5	900	4,500					
2.2.2	TPA Programme Implementation		Call for comments - 2 newspapers in every member state	number of papers	30	300	9,000					
2.2.3	TPA Programme M&E		<u>Sub-total</u>				<u>13,500</u>					
2.3.1	Consultative Committee Implementation	Setting up Consultative Committees	Fees	days	30	900	27,000					
			Tickets	return flights	4	2000	8,000					
			Per Diems	days	20	200	4,000					
2.3.2	Consultation Group for Smaller Customers		Consultations	number of consultations	4	5,000	20,000	20,000	20,000	20,000	20,000	20,000
			<u>Sub-total</u>				<u>59,000</u>	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>
2.4.1	Power Trading Rules Development	Approval of short-term whole sale market	Fees	days	40	900	36,000					
			Tickets	return flight	2	2000	4,000					
			Per Diems	days	15	200	3,000					
			<u>Sub-total</u>					<u>43,000</u>				
2.4.2	Power Trading Capacity Development	Capacity building	Workshops and Seminars	number of workshops	4	20,000	80,000	80,000	80,000	80,000	80,000	
2.4.3	Power Trading Processes and Procedures Development	Development and Procurement of IT Systems	Procurement Expert	days	20	900	18,000					
			NTIC/Database expert	days	40	900	36,000					
2.4.4	Power Trading IT Systems Procurement	Consultant Services for preliminary design and tender document)	Flights	return flight	4	2,000	8,000					
			Per Diems	days	10	200	2,000					
			Validation seminar					50,000				
			<u>Sub-total</u>				<u>114,000</u>					
2.5.1	ERERA Royalty Rates											
<b>TOTAL</b>							<b>345,500</b>	<b>100,000</b>	<b>100,000</b>	<b>100,000</b>	<b>100,000</b>	<b>100,000</b>

# ERERA 5-YEAR BUDGET



## Activity 3: Institutional Capacity Building (Tasks 1.1-1.3)

Activity 3: Institutional Capacity Building									
SI	Activities	Sub-tasks	Cost Items	unit	number	Rate (in Euros)	Total (in Euros)		
							2013	2014	2015
1.1.1	Recruitment Plan Development	Publication of Vacancy Announcements	Advertisements in international magazines Advertisements in 2 newspapers/Member State	number of magazines number of newspapers	2 30	3,000 200	6,000 6,000		
			<i>Sub-total</i>				<u>12,000</u>		
1.1.2	Recruitment Plan Implementation	Shortlist candidates and conduct interviews - to be done by council members and Chairman (no cost implication)							
1.1.3	Periodic Review of ERERA Manning Levels								
1.2.1	Training Needs Assessment	Services of HR Consultants (conduct interviews for annual capacity assessment and propose revisions to training program and periodic review of manning levels)	Fees (1 HR expert)	days	10	500	5,000	5,000	5,000
			Travel (1 expert)	return flight	1	2,000	2,000	2,000	2,000
1.2.2	Training Programme Development		Per Diem (1*5 days for interview stage)	days	5	200	1,000	1,000	1,000
			<i>Sub-total</i>				<u>8,000</u>	<u>8,000</u>	<u>8,000</u>
1.2.3	Training Programme Implementation	Implementation of training program (once every quarter)	Fees Regulatory Expert (7 days for each quarter)	days	28	500	14,000	14,000	14,000
			Institutional Expert (7 days for each quarter)	days	28	500	14,000	14,000	14,000
			Technical Specialist (7 days for each quarter)	days	28	500	14,000	14,000	14,000
1.2.4	Training Programme M&E		Travel	return flight	12	2,000	24,000	24,000	24,000
			Per Diem (5*4 days for training each quarter)	days	80	200	16,000	16,000	16,000
			<i>Sub-total</i>				<u>82,000</u>	<u>82,000</u>	<u>82,000</u>
1.3.1	Senior Recruitment Plan Development	Services of HR Consultants (Design announcements, set criteria, interview content, and participation in interviews)	Fees (a total of 4 HR experts)	per council member	4	15,000	60,000		
			Travel (4 experts for interview)	return flight	6	2,000	12,000		
			Per Diem (1*4 days for interview stage)	days	10	200	2,000		
			<i>Sub-total</i>				<u>74,000</u>		
1.3.2	Senior Recruitment Plan Representations to ECOWAS Commission	Publication of Vacancy Announcements	Advertisements in international magazines Advertisements in 2 newspapers/Member State	number of magazines number of newspapers	2 30	3,500 350	7,000 10,500		
			<i>Sub-total</i>				<u>17,500</u>		
1.3.3	Senior Recruitment Plan Implementation								



# ERERA 5-YEAR BUDGET



## Activity 3: Institutional Capacity Building (Tasks 1.4-1.6)

1.4.1	Communications Strategy Development	Services of PR Firm (design of the communication strategy)	Fees (1 PR expert)	days	20	500	10,000		
			Travel (1 expert)	return flight	1	2,000	2,000		
			Per Diem (1*5 days for field mission)	days	10	200	2,000		
			<i>Sub-total</i>					14,000	
1.4.2	Communications Strategy Implementation	Services of PR Firm (review and evaluation of the communication strategy)	Fees (1 Evaluation expert)	days	10	400		4,000	4,000
			Travel (1 expert)	return flight	1	2,000		2,000	2,000
			Per Diem (1*5 days for field mission)	days	5	200		1,000	1,000
		<i>Sub-total</i>					-	7,000	7,000
1.5.1	WAPP Communications Augmentation Plan Development	Establishment and regular meetings of ERERA-WAPP working group	Flights	return flight	6	1,000	6,000	6,000	6,000
			Per Diems	days	30	500	15,000	15,000	15,000
			<i>Sub-total</i>					21,000	21,000
1.5.2	Periodic Assessment of Relations with WAPP	Periodic assessment of working group activities - to be done internally by ERERA and WAPP (no cost elements)							
1.6.1	Definition of Required Outcomes from Collaboration Programme								
1.6.2	Collaboration Programme Development								
1.6.3	Collaboration Programme Implementation	Regional Regulators Forum	Quarterly Forums	number of forums	4	40,000	160,000	160,000	160,000
1.6.4	Collaboration Programme M&E	Periodic assessment of collaboration plan to be done internally by ERERA							
1.7.1	Internal Procedures Manual Completion	Finalization of documents	Fees						
			Regulatory Expert	day	25	600	15,000		
			Institutional Expert	day	25	600	15,000		
			Finance and Accounting Expert	day	25	600	15,000		
			Tickets (1 flight for each expert)	return flight	3	2,500	7,500		
			Per Diem (10 day field mission for each expert)	day	30	200	6,000		
		<i>Sub-total</i>					58,500		
<b>TOTAL</b>							<b>447,000</b>	<b>278,000</b>	<b>278,000</b>

# ERERA 5-YEAR BUDGET

## Activity 4: Financing



Activity 4: Financing							2013	2014	2015	2016	2017	
	Sub-tasks	Cost Items	unit	number	Rate (in Euros)	Total (in Euros)	Total (in Euros)	Total (in Euros)	Total (in Euros)	Total (in Euros)		
4.1.1	Secure Medium-Term Financing	Missions to development partners (3)	Flights	<i>return flight</i>	9	4,000	36,000					
			Per diem	<i>per day</i>	45	500	22,500					
		Missions to ECOWAS (2)	Flights	<i>return flight</i>	6	1,000	6,000					
			Per diem	<i>per day</i>	30	500	15,000					
		<b>Total</b>						<b>79,500</b>				

# ERERA MANDATE – 1 OF 3



ERERA's mandate is detailed in the 2007 Operations Act, Chapter 3, Articles 16-18. This legislation defined ERERA's key roles/functions and areas of responsibility as follows:

## Article 16: Missions of ERERA

- Regulate cross border power pooling
- Oversee implementation of necessary conditions to ensure rationalization and reliability
- Contribute to improved regulatory and economic environment
- Technical regulation of regional power pooling and monitoring of the regional market operations





## Article 17: Powers of ERERA

- Enact, set, specify or interpret technical and commercial rules on cross border power pooling through the transmission network
- Authorize, approve and control the activities of various participants in the regional power market
- Enact regulations having the aim of specifying community regulations on cross-border power pooling.
- Take decisions on mediation, conciliation or dispute resolutions submitted before it



## Article 18: Functions of ERERA

- Advise the ECOWAS Commission on all issues relating to the regional policy and structure of the regional market
- Assist the ECOWAS Commission in the harmonization of national policies and supervision of the application of the provisions of the Article 43 of the Energy Protocol
- Technical Regulation:
  - oversee conformity of national rule and regulations
  - approve technical rules for the functioning and access to the regional power transmission network
  - oversee application and respect of technical rules
- Management of the regional market
- Planning regional market development
- Setting transmission and ancillary service tariffs.

## IT System provisions

- **System 1: The Power Trading System Itself**: The procurement of the IT system specifically for the power trading system and platform is the responsibility of WAPP. *Here ERERA can only provide training and capacity building.*
- **System 2: The Regulatory Information Management System (which facilitates/supports/is an integral part of the complete power trading system)**: This is an application framework that empowers the development of complex regulatory systems for the member states and private parties involved in the power pool. This is solely the responsibility of ERERA and was included in the 2009-2013 Activity Program for ERERA (Task 1.12, but was never completed).
- Hence, the procurement relates to that for the RIMS, while the capacity building relates to the Power Trading platform.