

# **ECOWAS REGIONAL ELECTRICITY REGULATORY AUTHORITY**

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## **DIRECTIVE ON THE ORGANIZATION OF THE ECOWAS REGIONAL ELECTRICITY MARKET**

ERERA  
ECOWAS REGIONAL ELECTRICITY REGULATORY AUTHORITY

# Summary

- 1) Background
- 2) Fundamentals Acts & Principles
- 3) ECOWAS Directive for the organisation of the market
- 4) Next Steps

# I. BACKGROUND

## MAIN STEPS

- ① 3rd Consultative Committees Meeting (Lome, May 2013): Validation of Regulatory Studies Report
- ② 10th Meeting of ECOWAS Energy Ministers (Yamoussoukro, May 2013):
  - Review by an Ad hoc Committee
  - Adoption of the Resolution by the Ministers
- ③ 70th Session of ECOWAS Council of Ministers (Abidjan, June 2013): Adoption of the Directive

## II. ACTS and PRINCIPLES

### ① ECOWAS Energy Protocol(1)

Legal framework in order to promote long-term co-operation in the energy field, based on complementarities and mutual benefits, with a view to achieving increased investment in the energy sector, and increased energy trade in the West Africa region

***« The Contracting Parties shall work to develop an open and competitive energy market sector »***  
(article 3)

## II. ACTS and PRINCIPLES

### ② ERERA's Fundamentals Acts

Supplementary Act A/SA.2/01/08 creating ERERA & Regulation C/REG.27/12/07, as amended, on the composition, organisation, functions and operation of ERERA

The ERERA shall:

- ✓ ensure the application of the provisions of article 7 of the Energy Protocol relating to power transit;
- ✓ ensure the application of community directives on the organization of the regional market ;
- ✓ supervise the process for the drafting and approve rules for the functioning of the regional market;
- ✓ supervise, in collaboration with national regulators, the application of the principles of accounts separation and transparency implemented by electricity companies;

### III. ECOWAS Directive on the organisation of the market (1)

**Objective:** to define the general principles ruling the Regional Electricity Market within the framework of ECOWAS Energy Protocol

**Approach :** the regional electricity market must be developed gradually to enable national electricity sectors evolve in a gradual and rational manner the current diversity in the way they are organized

### III. ECOWAS Directive on the organisation of the market (2)

#### Market design

In line with the principles of the ECOWAS Energy Protocol, the development and establishment of the regional electricity markets shall evolve according to the WAPP Market Design approved by ERERA.

#### Approach

Consultative and participatory approach: ERERA in consultation with all stakeholders determines the prerequisites for market development from one phase to another. Member States are fully informed of the conditions to allow the adaptation of national markets and regulatory frameworks necessary to give effect to the implementation of the regional market.

### III. ECOWAS Directive on the organisation of the market(3)

#### **Tariff methodology**

The cross border transmission of electricity tariffs are settled according to a methodology approved and published by ERERA in accordance with its procedures after consultation of the stakeholders.

#### **Regional Transmission Network Open Access**

In accordance with Article 7 of the Energy Protocol which provides for freedom of transit (open access) for electric power, Member States are obliged to ensure the development and implementation of the legal and operational framework to give effect to this principle (separation of costs, adaptation of national laws, attractive access conditions for IPP, etc. ....)



### III. ECOWAS Directive on the organisation of the market(4)

#### Harmonisation of contracts

##### *Model bi-lateral Contracts*

Model long-term and medium term bi-lateral contracts after consultation with key stakeholders: basic framework that shall guide contracting parties. The parties to the contract shall however be at liberty to negotiate the specific terms of their agreement. Where parties fail to reach an agreement on specific clauses of their Agreement, the relevant clause of the Model Agreement shall be adopted by the parties.

##### *Connection and Use of Network Agreements*

WAPP shall in consultation with the transmission system operators of Member States develop a standard Connection and Use of Network Agreement for access to the Regional Transmission Network. ERERA shall approve the standard connection and Use of Network Agreement after consultation with the national regulatory authorities.

### III. ECOWAS Directive on the organisation of the market(5)

#### Strengthening of National Regulatory Authorities

Member States are mandated to establish an independent regulatory authority where none exists.

The powers of the national regulators shall be expanded to include market monitoring and tariffs setting.

To protect the independence of the regulatory authority, Member States shall in particular provide the regulatory authority with legal personality, budgetary autonomy and adequate human and financial resources to carry out its duties.

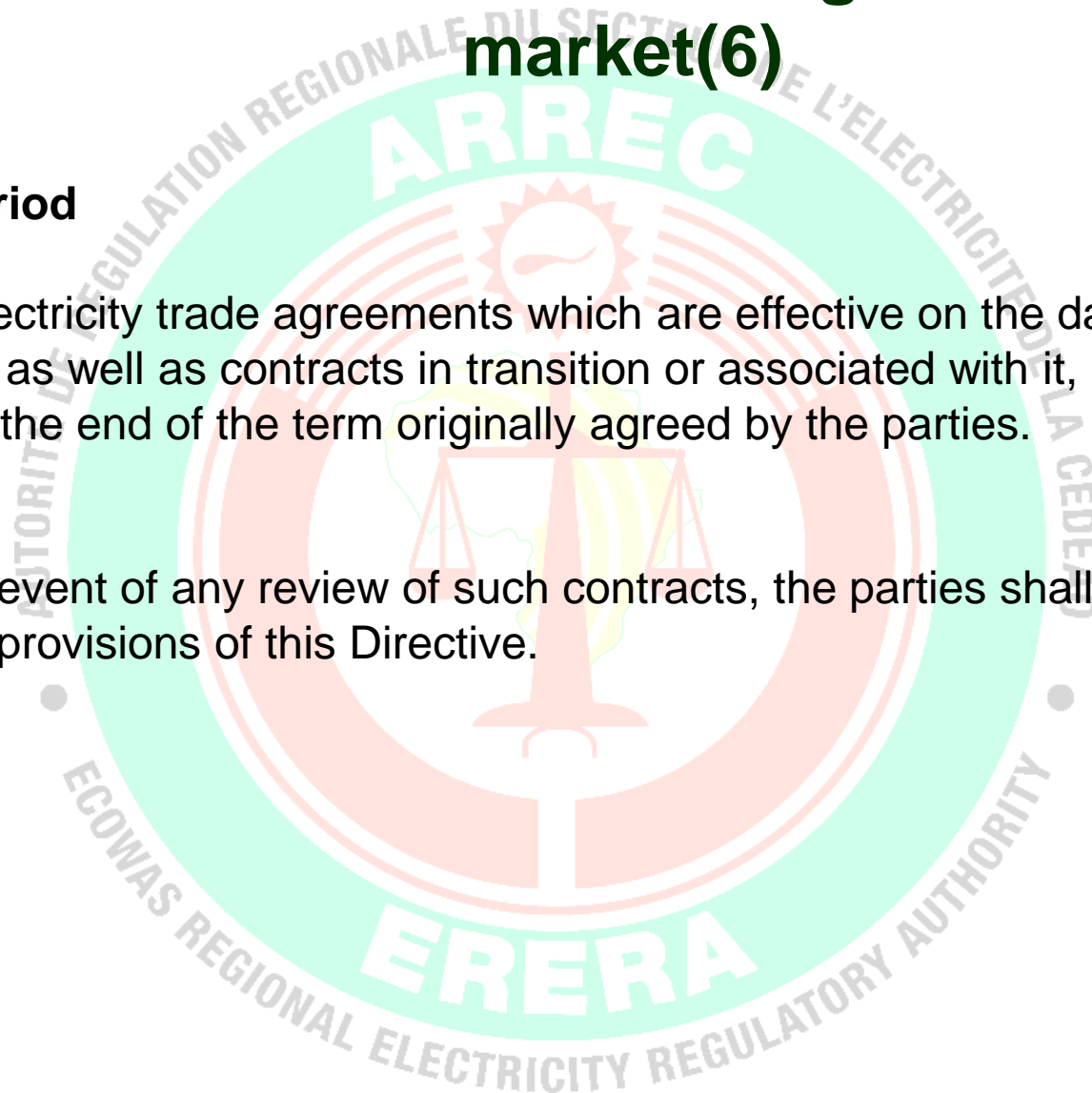
The national regulatory authorities shall give full support to ERERA for the implementation of the provisions of this Directive by ensuring the efficient functioning of their national markets and the regional market to promote effective competition.

### III. ECOWAS Directive on the organisation of the market(6)

#### Transitional period

Cross-Border electricity trade agreements which are effective on the date of publication of this Directive, as well as contracts in transition or associated with it, shall continue to be in effect until the end of the term originally agreed by the parties.

However, in the event of any review of such contracts, the parties shall endeavor to comply with the provisions of this Directive.



## NEXT STEPS

- 1. Adoption of Market Rules***
- 2. Adoption of the Tariff Methodology***
- 3. Adoption of the regulation on the regulatory levy***
- 4. Mobilisation of funding***

**FOURTH MEETING OF ERERA CONSULTATIVE COMMITTEES  
19 November 2013, Kairaba Hotel, Banjul, THE GAMBIA**



**THANK YOU**

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