

ERERA's strategic plan 2016 – 2020

Agenda

A common ECOWAS electricity market

⇒ Why are we doing this?

- ✓ The benefits of a common ECOWAS electricity market.

⇒ Why is it difficult to create a common electricity market?

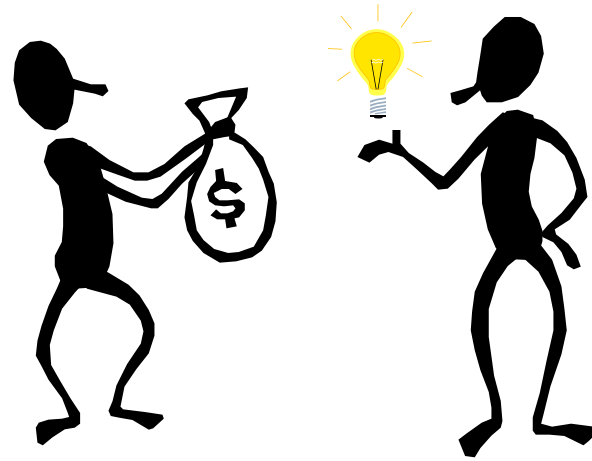
- ✓ Experiences from other regions.

⇒ How will we proceed in ECOWAS?

- ✓ The ERERA strategic plan 2015–2020.

⇒ Input to the strategic plan from the participants at this workshop

- ✓ Group work and input from the audience.



Why are we doing this?

The benefits of a common ECOWAS electricity market

Africa Progress Panel

- ⇒ **This is a group of experts led by Kofi Annan.**
- ⇒ **The panel estimates:**
 - ✓ **Current energy-sector investment levels are just \$ 8 billion a year.**
 - ✓ **Investment of \$ 55 billion per year is needed until 2030 to meet demand and achieve universal access to electricity.**
- ⇒ **Attracting this amount of investments is a huge challenge!**
- ⇒ **However, a common ECOWAS electricity market is much more interesting for investors**
 - ✓ **Compared with fragmented, national markets.**

A common ECOWAS electricity market

- ⇒ **The British magazine *The Economist* 24 Oct. 2015:**
- ✓ ***Unlike Asia, Africa has failed to develop industries that generate lots of employment and pay good wages.***
 - ✓ ***Only a few countries manufacture very much, largely because national markets are small and barriers to trading within Africa are huge.***
- ⇒ **For electricity, we will aim at improving this!**



Creating a common electricity market Not a task for the faint-hearted!

European Union: the Single European Market
was launched in 1993.

Since long, EU has had a common market for
pens, paper, tomatoes, ...

However, for both electricity and gas,
more than 22 years after the launch of
The Single European Market:

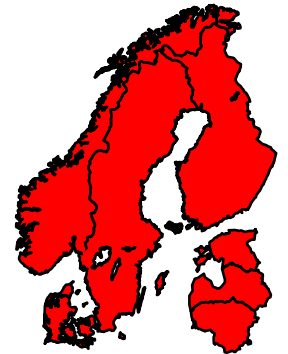
The common market is still work-in-progress.

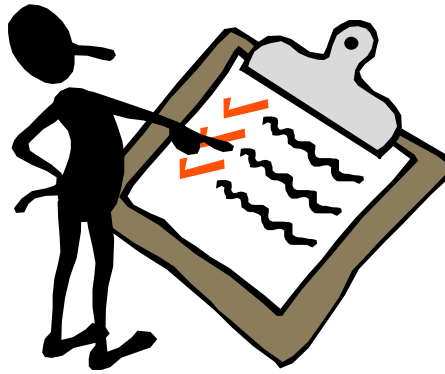
For the Baltic-Nordic countries:

Creating a common electricity market took 20 years.

Electricity and gas are grid bound commodities.

Creating a common market is complicated due to
the monopoly transportation system (only the grid).





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A common ECOWAS electricity market

- ⇒ **Question: what do we mean with *a common electricity market*?**
- ⇒ **Answer: focus on cross-border trading of electricity**
 - ✓ **Without cross-border trading, there is no *common market***
 - **This is true for any commodity (or any service).**

For 2020: what are we aiming at?

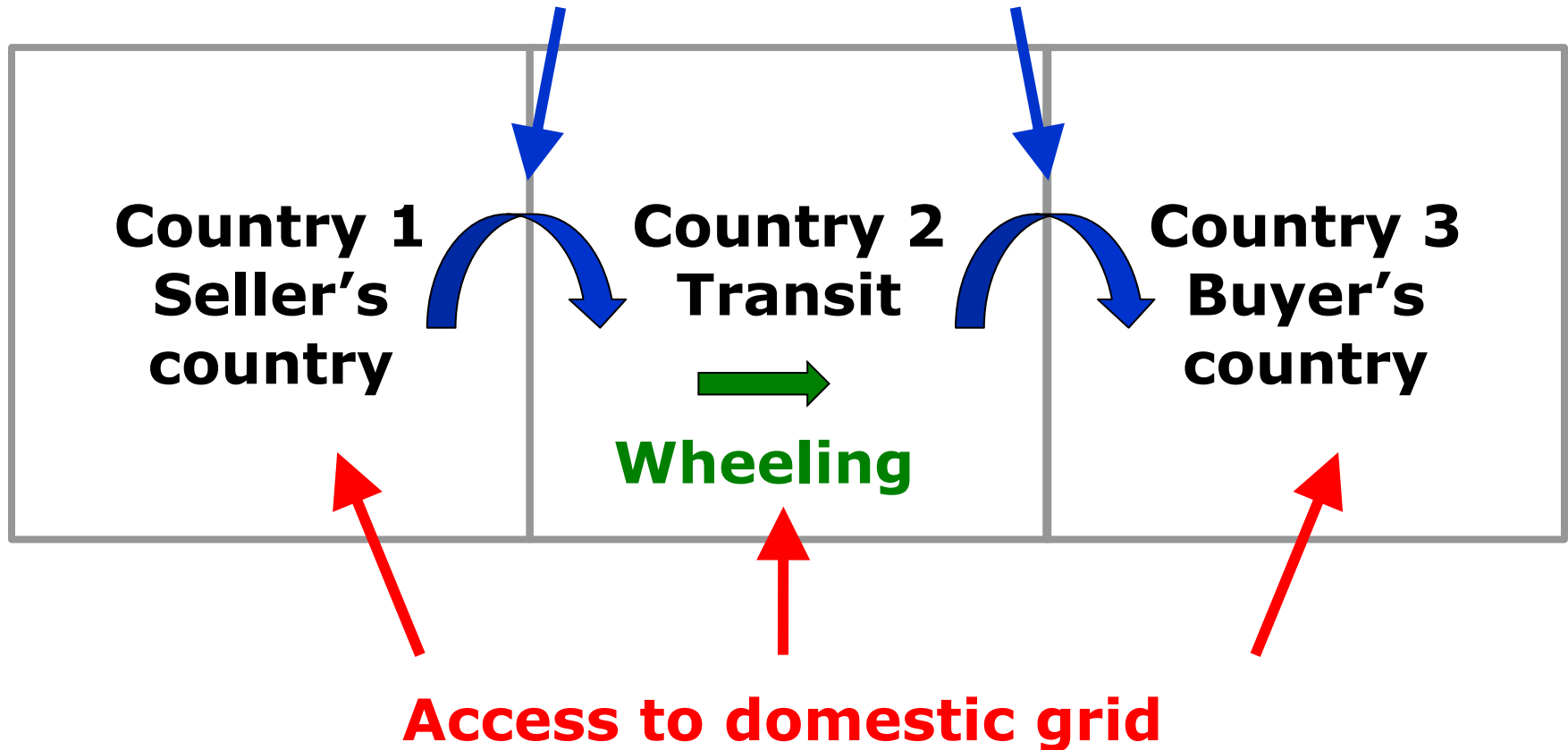
- ⇒ **For the ERERA strategic plan 2015–2020, the experiences from other regions raises the question of how to establish goals that are realistic and achievable**
- ⇒ **ECOWAS by 2020: physically and commercially, the common electricity market should work.**

By 2020: physically and commercially, the common electricity market should work

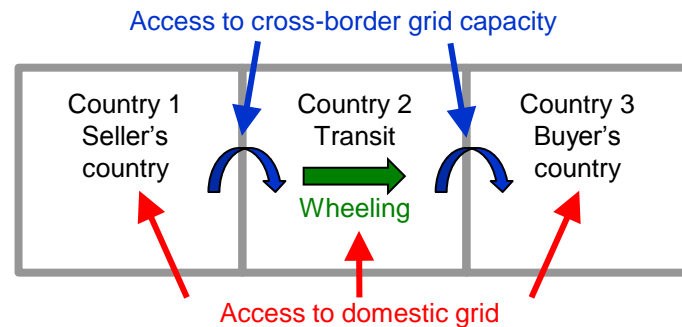
- ⇒ **Meaning: grid capacity must be the only thing constraining multinational electricity trading**
 - ✓ Naturally, if an interconnector between two countries is physically congested, there can be no more trading on the interconnector.
- ⇒ ***If there is no physical grid congestion, multinational trading should proceed unimpeded***
 - ✓ There should be no legal or institutional barriers for multinational trading.
- ⇒ **This is the guiding principle for where we want to be at the end of the period 2016–2020.**

Multinational trading of electricity

Access to cross-border grid capacity

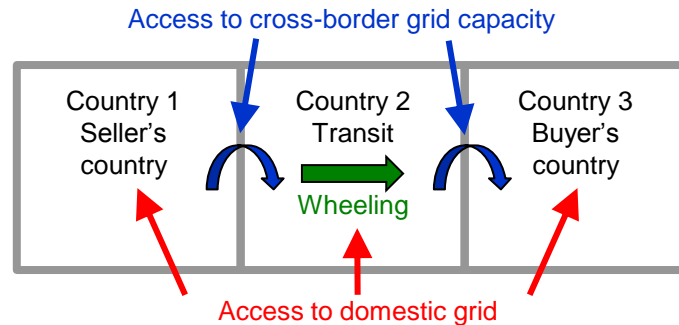


ERERA's strategic plan 2016–2020 (A)



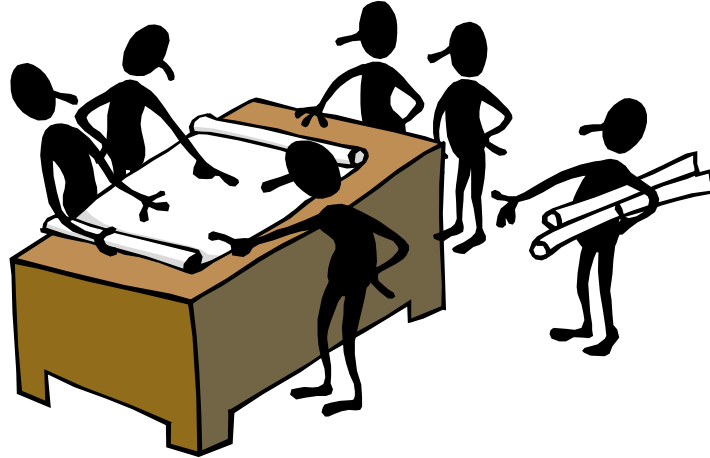
- ⇒ **Rules for access to cross-border grid capacity.**
- ⇒ **Rules for access to domestic grid**
 - ✓ **The rules will not necessarily be the same for the various ECOWAS countries.**
 - ✓ **However, the rules must be **non-discriminatory****
 - **There must be the same rules for all commercial players**
 - **Whether they are domestic or foreign.**
- ⇒ **Rules for the wheeling tariffs.**
- ⇒ **Rules for how to handle old and new agreements.**
- ⇒ **Dispute resolution rules.**

ERERA's strategic plan 2016–2020 (B)



- ⇒ **Eventually, for a common electricity market, everything zooms in on the non-discriminatory access to grid capacity**
 - ✓ **We are facing the problem of the monopoly transport system**
 - **As usual.**
- ⇒ **For the input from you:**
 - ✓ **Using your knowledge of your local market and the ECOWAS market.**
 - ✓ **Using the matrix sketching out the strategic plan.**
- ⇒ **Provide a feed-back on how we'll reach the target listed at slide no. 10:**
 - ✓ ***If there is no physical grid congestion, multinational trading should proceed unimpeded.***

Practicalities



- ⇒ **Divide the audience in an appropriate number of groups**
 - ✓ **Send each group to an appropriate work site.**
 - ✓ **Perhaps at least one ERERA employee in each group?**
- ⇒ **Give a deadline**
 - ✓ **When to return with the feedback?**
- ⇒ **How to deliver the feedback**
 - ✓ ***Please present 3 – 4 slides.***