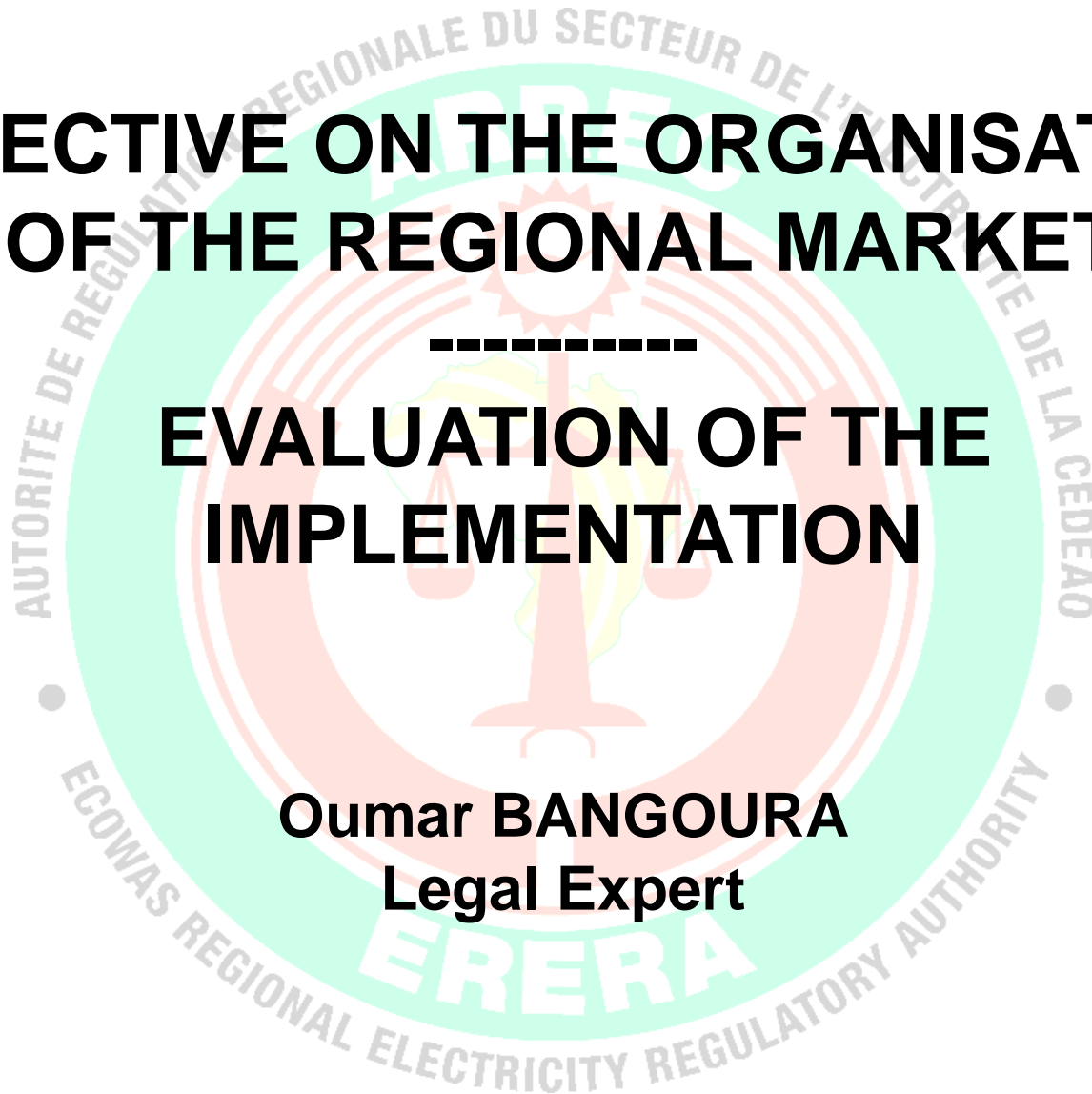


DIRECTIVE ON THE ORGANISATION OF THE REGIONAL MARKET

EVALUATION OF THE IMPLEMENTATION

Oumar BANGOURA
Legal Expert



1 - Background

Adoption, on the initiative of ERERA, of the Directive C/DIR.1/06/13 dated 21 June 2013 on the organization of regional electricity market in order to facilitate the development of regional electricity market.

The Directive lays down general principles governing the regional market within the framework of ECOWAS Energy Protocol

2 – Main Objective

To promote a regional approach to cross-border electricity trade by ensuring the harmonization of national institutions and rules in the view to create favorable conditions for the development of investment and capacity within the member States of ECOWAS

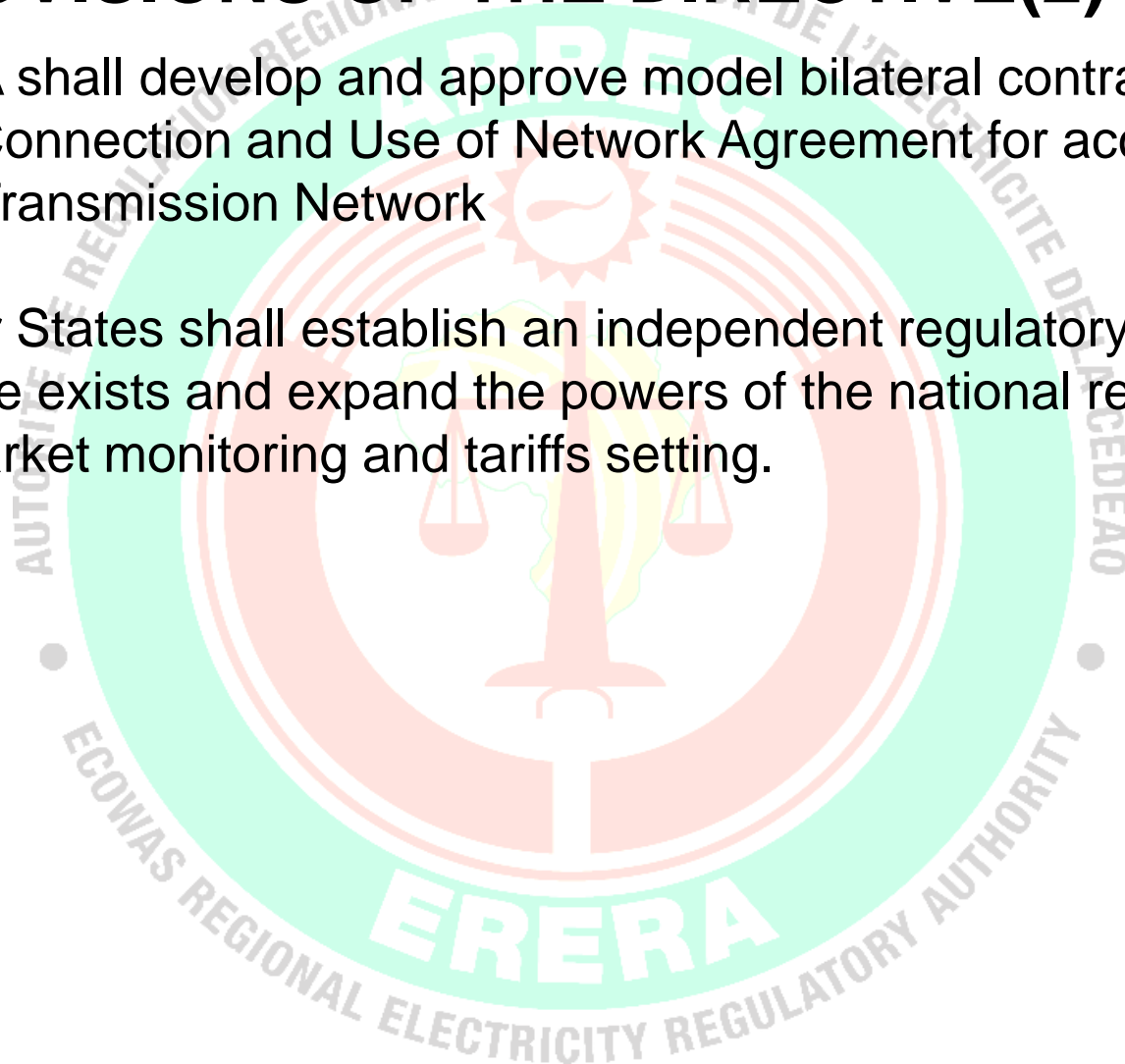
KEY PROVISIONS OF THE DIRECTIVE (1)

- 1) The development and establishment of the regional electricity market will be carried out according to a program approved by ERERA
- 2) In accordance with its procedures after consultation of the stakeholders ERERA will settle the cross border transmission of electricity tariffs methodology
- 3) ERERA shall specify by Regulation, specific conditions for third party access to the Regional Transmission Network after due consultations with Stakeholders
- 4) Member States shall ensure Open Access to the Regional Transmission Network by Eligible Customers
- 5) Member States shall ensure that their existing Electricity Acts and relevant Regulations be adapted to provide functional and financial separation of accounts in terms of Generation, Transmission and Distribution.

KEY PROVISIONS OF THE DIRECTIVE(2)

6) ERERA shall develop and approve model bilateral contracts and standard Connection and Use of Network Agreement for access to the Regional Transmission Network

7) Member States shall establish an independent regulatory authority where none exists and expand the powers of the national regulators to include market monitoring and tariffs setting.



Responsibilities for Implementation

	PROVISION	REFERENCES	RESPONSIBILITIES
1	Regional Market Design and Market Phases	Art. 4 & 5	WAPP and ERERA
2	Regional Transmission Tariff Methodology	Art. 6	WAPP and ERERA
3	Model Bi-Lateral Contracts	Art. 8 (1)	WAPP and ERERA
4	Connection and Use of Network Agreement	Art. 8 (2)	WAPP and ERERA
5	Regulation on specific conditions for third party access to the Regional Transmission Network	Art. 7 (3)	ERERA
6	Principle of Transmission Network Open Access for Eligible Customers and Power producers	Art. 7 (1)	Member States
7	Functional or cost unbundling of Generation, Transmission and Distribution segments	Art. 7.(2) (a)	Member States
8	Major Consumers eligibility to open access to the regional transmission network	Art. 7 (2) (b)	Member States
9	Simplicity and attractiveness of the licensing conditions and procedures for Independent Power Producers (IPP)	Art. 7 (2) (c)	Member States
10	Setting up an Independent Regulatory Authority	Art. 10 (1)	Member States
11	Tariff Setting and Market monitoring power to the Independent Regulatory Authority	Art. 10 (2)	Member States
12	Empowering Independent Regulatory Authority with legal personality, budgetary autonomy and adequate human and financial resources to carry out their mandates	Art. 10 (3)	Member States
13	Support to ERERA for the implementation of the Directive	Art. 10 (4)	National Regulators

OBLIGATIONS OF THE MEMBER STATES AND ERERA

- 1) The rules set by the Directive must be transposed into each Member State, and ERERA is responsible for facilitating and monitoring the implementation of this Directive.
- 2) A two-year period has been given to Member States to ensure compliance and bring into force the laws, regulations and administrative provisions required to give effect to this Directive.
- 3) This period expired **June 21, 2015**.
- 4) Furthermore, Member States shall notify ERERA of the provisions or measures taken to comply with this Directive and of any challenges encountered in the implementation of the Directive.
ERERA shall submit these challenges to the next session of the Council of Ministers

REMARK

To date, we can note that:

- 1) ERERA has not received any notification from the Member States on their level of compliance, including implementation challenges pertaining to the Directive
- 2) From February to November 2015, ERERA launched with the financial support of the Gesellschaft für Internationale Zusammenarbeit (GIZ), missions to some Member states in order to obtain sufficient information on the state of implementation of the Directive in view of reporting to the ECOWAS Council of Ministers

Status Implementation by the Regional Institutions: ERERA and WAPP

	PROVISION	WAPP	ERERA
1	Regional Market Design and Market Phases	The WAPP Secretariat has developed a Market Rules and Operations Manual that were submitted in November 2012 to ERERA for approval	<ul style="list-style-type: none"> ERERA has approved the Regional Market Rules by Resolution N°005/ERERA/15 of August 18, 2015 ERERA has approved the WAPP Operations Manual by Resolution N°007/ERERA/15 of September 29, 2015
2	Regional Transmission Tariff Methodology	WAPP is yet to develop the Transmission pricing Model based on the approved Tariff methodology. This Pricing model will be submitted to the approval of ERERA	<ul style="list-style-type: none"> ERERA has adopted the Tariff Methodology for Regional Transmission Cost and Tariffs by Resolution N°006/ERERA/15 of August 18, 2015
3	Model Bi-Lateral Contracts	Expected to be transmitted to ERERA by 31 December 2015	If transmitted by that date, approval can be made by 30 June 2016
4	Connection and Use of Network Agreement	Expected to be transmitted to ERERA by 31 December 2015	If transmitted by that date, approval can be made by 30 June 2016
5	Regulation on specific conditions for third party access to the Regional Transmission Network		The first version of the rules is expected to be ready by the end of 2018.

Status of Implementation by Member States (1)

	PROVISION	BENIN	BURKINA FASO	CAPE VERDE
6	Principle of Transmission Network Open Access for Eligible Customers and Power producers	The Transmission Company CEB has the status of "Single Buyer"	Yes. Principle stated in the law.	
7	Functional or cost unbundling of Generation, Transmission and Distribution segments	Provided for by law, but not implemented. Planned for 2016	Provided for by law, but not yet implemented.	
8	Major Consumers eligibility to open access to the regional transmission network	Provided for by law, but not implemented.	NO	
9	Simple and attractive licensing conditions and procedures for Independent Power Producers (IPP)	Provided for by law, but not implemented.	YES	
10	Setting up an Independent Regulatory Authority	YES	YES	
11	Tariff Setting and Market monitoring power to the Independent Regulatory Authority	YES	YES	
12	Empowering Independent Regulatory Authority with legal personality, budgetary autonomy and adequate human and financial resources to carry out their mandates	YES	YES	
13	Support to ERERA for the implementation of the Directive	NO	NO	

Status of Implementation by Member States (2)

	PROVISION	CÔTE D'IVOIRE	The GAMBIA	GHANA
6	Principle of Transmission Network Open Access for Eligible Customers and Power producers	Yes. Principle stated in the law.	Yes. Principle stated in the law.	YES
7	Functional or cost unbundling of Generation, Transmission and Distribution segments	Provided for by law, but not implemented.	Provided for by law, but not implemented..	YES
8	Major Consumers eligibility to open access to the regional transmission network	Provided for by law, but not implemented.	Provided for by law, but not implemented..	YES
9	Simple and attractive licensing conditions and procedures for Independent Power Producers (IPP)	Not yet defined by Regulation.	YES	YES
10	Setting up an Independent Regulatory Authority	YES	YES	YES
11	Tariff Setting and Market monitoring power to the Independent Regulatory Authority	NO	YES	YES
12	Empowering Independent Regulatory Authority with legal personality, budgetary autonomy and adequate human and financial resources to carry out their mandates	Provided for by law, but mechanisms not yet defined by regulation	YES	YES
13	Support to ERERA for the implementation of the Directive	NO	NO	YES

Status of Implementation by Member States (3)

	PROVISION	GUINEA	GUINEA BISSAU	LIBERIA
6	Principle of Transmission Network Open Access for Eligible Customers and Power producers	Yes. Principle stated in the law.	Yes. Principle stated in the law.	YES
7	Functional or cost unbundling of Generation, Transmission and Distribution segments	Not implemented	Not implemented	YES BY THE LAW 2015 Not implemented
8	Major Consumers eligibility to open access to the regional transmission network	Not implemented	Not implemented.	YES BY THE LAW 2015 Not implemented
9	Simple and attractive licensing conditions and procedures for Independent Power Producers (IPP)	Principle stated in the Law, but not yet specify by Regulation	Provided for by law, but not yet specify by Regulation	YES BY THE LAW 2015 Not implemented
10	Setting up an Independent Regulatory Authority	Established but not yet operational	NO	YES BY THE LAW 2015 Not implemented now and in a transition period
11	Tariff Setting and Market monitoring power to the Independent Regulatory Authority	NO	NO	YES BY THE LAW 2015 Not implemented now and in a transition period
12	Empowering Independent Regulatory Authority with legal personality, budgetary autonomy and adequate human and financial resources to carry out their mandates	NO	NO	YES BY THE LAW 2015 Not implemented now and in a transition period
13	Support to ERERA for the implementation of the Directive	NO	YES	NO

Status of Implementation by Member States (4)

	PROVISION	MALI	NIGER	NIGERIA
6	Principle of Transmission Network Open Access for Eligible Customers and Power producers	Yes. Principle stated in the law.	Yes. Principle stated in the law.	YES
7	Functional or cost unbundling of Generation, Transmission and Distribution segments	Provided for by law, but not implemented..	Not implemented	YES
8	Major Consumers eligibility to open access to the regional transmission network	Provided for by law, but not implemented.	Not implemented	YES
9	Simple and attractive licensing conditions and procedures for Independent Power Producers (IPP)	YES	NO	YES
10	Setting up an Independent Regulatory Authority	YES	NO	YES
11	Tariff Setting and Market monitoring power to the Independent Regulatory Authority	YES	NO	YES
12	Empowering Independent Regulatory Authority with legal personality, budgetary autonomy and adequate human and financial resources to carry out their mandates	YES	NO	YES
13	Support to ERERA for the implementation of the Directive	NO	NO	YES

Status of Implementation by Member States (5)

	PROVISION	SENEGAL	SIERRA LEONE	TOGO
6	Principle of Transmission Network Open Access for Eligible Customers and Power producers	Yes. Principle stated in the law.	NO The distribution Company EDSA has the status of "Single Buyer"	Not stated in the Law The Transmission Company CEB has the status of "Single Buyer"
7	Functional or cost unbundling of Generation, Transmission and Distribution segments	Not implemented. yet	PARTIAL	Not implemented. Planned for 2016
8	Major Consumers eligibility to open access to the regional transmission network	Provided for by law, but not implemented.	NO	Not stated in the Law nor specify by regulation
9	Simple and attractive licensing conditions and procedures for Independent Power Producers (IPP)	YES	YES	Not stated in the Law or specify by regulation
10	Setting up an Independent Regulatory Authority	YES	YES	YES
11	Tariff Setting and Market monitoring power to the Independent Regulatory Authority	YES	YES according to the Legal framework. In practice NO	NO for Tariff YES for Monitoring
12	Empowering Independent Regulatory Authority with legal personality, budgetary autonomy and adequate human and financial resources to carry out their mandates	YES	PARTIALLY	YES
13	Support to ERERA for the implementation of the Directive	NO	NO	NO

ISSUES TO BE ADDRESSED

Three types - Three groups of countries :

- 1) Does the Directive has been implemented as planned? If so, what are the factors that contributed to its performance?
- 2) Does the Directive has been partially applied? If so, what are the reasons ?
- 3) The Directive has not been implemented at all! If so, what are the reasons?
 - Are the objectives of the Directive compatible with the needs of the country (level of development)?
 - Is there a positive perspective to consider the implementation of the Directive?
 - What is the level of involvement and perception vis-à-vis of the Directive from the country (or group of countries)?
 - What is the level of commitment of the country?
 - Is there a good communication established between the countries and ECOWAS?
 - Is the monitoring conducted properly? Is the Project strategy changed accordingly?

6TH MEETING OF ERERA'S CONSULTATIVE COMMITTEES OF REGULATORS AND OPERATORS

17 & 18 November 2015

Accra - GHANA



THANK YOU

ECOWAS Regional Electricity Regulatory Authority
PMB 76 Accra
REPUBLIC OF GHANA