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Energy Ministers Validate Critical Documents for ECOWAS Power Market

With the imminent launch of the second and competitive phase of the ECOWAS Regional Electricity Market, Ministers responsible for energy in ECOWAS Member States have validated three key documents which will be presented to the regional Council of Ministers at its next session in December 2023 in Abuja, Nigeria.

The documents, which will form part of the legal texts already approved for the development and regulation of the regional electricity Market, are the Directive for the Harmonization of Licensing Criteria and Authorisation to Participate in the ECOWAS Regional Electricity Market; the Rules on the Surveillance of the ECOWAS Regional Electricity Market; as well as the Rules on the ECOWAS Regional Electricity Market Fees.

The Directive for the Harmonization of Licensing Criteria and Authorisation to Participate in the ECOWAS Regional Electricity Market (REM) seeks to align the framework and procedures for issuing import and export licences and authorisations for participation in the ECOWAS Regional Electricity Market.

Its application is expected to put all participants in the power market on a level playing field, guaranteeing fairness and consistency throughout the ECOWAS region. Also, it will help to ensure compliance with the best technical, financial and commercial practices for the sustainability of the market.

The Directive consists of 12 articles which essentially deal with the distinct roles of ERERA as the regional regulator and the National Regulatory Authorities.

In addition, the articles cover documents to be issued to participate in the market, the principles governing the issuance of licences, the alignment of the import and export licensing procedure, the terms and conditions of import and export licences and the procedure for issuing the market participation authorisation in the REM, the obligations of Member States as well as the monitoring of the implementation of the Directive, among others.

The Rules on the Surveillance of the ECOWAS Regional Electricity Market are intended to establish a regulatory framework for the operation of the Regional Electricity Market, with specific provisions for the

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collection, validation, analysis and conservation of data, as well as for investigations and sanctions in the event of breaches of the market rules.

It is centred on 21 articles which deal in particular with the rules for surveillance of the technical and commercial activities of the market; obligations, prohibitions and sanctions; and data management and the Framework for coordination of key stakeholders including ERETA, the National Regulatory Authorities, the Transmission System Operators and System Operators to ensure consistent application of the rules and resolution of disputes.

The Rules on the ECOWAS Regional Electricity Market Levy, the third validated document, aims to introduce a levy to finance the operation of the electricity market and to ensure the financial autonomy of ERETA as regulator of the market and of the System Market Operator.

It is made up of 16 articles which basically deal with the components and method of calculating the levy, its payment and collection and notification of payment. Other areas include exemptions and rebates, allocation of the levy, obligations of participants and penalties in the event of non-payment.

The ministers, whose meeting was preceded by a two-day meeting of regional energy experts, were treated to presentations on the progress of the studies for the development of a single gas pipeline project for the ECOWAS region, involving the merger of the West Africa Gas Pipeline Extension Project (WAGPEP) and the Nigeria-Morocco Gas Pipeline Project (NMGP).

They reaffirmed their support for the development of the project, indicating their readiness to provide the necessary support for its success.

In addition, they requested ECOWAS and its partners to accelerate the preparation of the single project and to take into consideration the region's food needs in development strategies.

The ministers were also briefed on the ECOWAS Regional Green Hydrogen Strategy and its 2023-2030 and 2031-2050 action plans. The ECOWAS Green Hydrogen Policy and Strategy Framework are aligned with the ECOWAS Energy Policies and the Regional Climate Strategy (RCS) and Action Plan.

They endorsed the regional strategy on green hydrogen and its action plan and urged the ECOWAS Centre for Renewable Energy and Energy Efficiency (ECREEE) to mobilize technical and financial partners, to provide all the necessary support to ensure its implementation.

The regional strategy on green hydrogen and its action plan are envisioned to position the ECOWAS region as one of the most competitive producers and suppliers of green hydrogen and its derivatives while addressing socio-economic growth and sustainable development of all ECOWAS Member States.

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The Green Hydrogen Policy and Strategy Framework were developed through consultations with ECOWAS Member States and regional institutions and agencies such as the ECOWAS Commission's Directorate of Energy and Mines, the West African Power Pool (WAPP) and the ECOWAS Regional Electricity Regulatory Authority (ERERA).

Following a presentation on the implementation of the updated ECOWAS Energy Policy, the ministers pledged to facilitate the process of translating the said Policy into national action plans.

Also, they directed the ECOWAS Commission to develop a Regional Policy on Energy Transition and present the text at their next session.

In consideration of Cape Verde's status as an island country, the ministers recommended that the ECOWAS Commission and WAPP take into account the specificity of Cape Verde, so as to strengthen the capacities of the national electricity company and assist the country interconnect all its islands electrically.

The opening of the ministerial meeting was addressed by the ECOWAS Commissioner for Infrastructure, Energy and Digitalization, Mr. Sédiko Douka and the Minister of Energy, Water and Mines of Benin, Mr. Samou Seidou Adambi.