ERERA, AfDB Launch $2 Million Project to Improve Electricity Regulation in ECOWAS Member States

The ECOWAS Regional Electricity Regulatory Authority (ERERA), with the support of the African Development Bank (AfDB) on December 14, 2023, in Accra launched a two-million-dollar project to Improve Electricity Regulation in ECOWAS Member States.

The principal objective of the initiative is to facilitate the efficient utilization of regional energy infrastructure to further enhance regional electricity trade.

Through the support of the AfDB, ERERA will assist national regulatory bodies in acquiring adequate knowledge that would enable them to carry out the necessary regulatory work in developing the regional market at the national level.

Specifically, the grant will fund technical assistance to promote the development and adoption of regional electricity regulatory principles, enhance capacity to monitor utility performance across the ECOWAS region, conduct a cross-border analysis of electricity tariffs, and develop a centralized database management system.

Entitled the "Regional Harmonization of Regulatory Frameworks and Tools for improved Electricity Regulation in ECOWAS", the project consists of the following five components:

- Elaboration of Regulatory and Utility Key Performance Indicators (KPIs) for ECOWAS
- Harmonized Comparison of Electricity Tariffs (HCET) in ECOWAS and Cost Reflectivity Assessment
- Development of an Energy Information and Database Management System (EIDBMS)
- Assessment of investment bottlenecks and risks in ECOWAS Member States Electricity Sector, as well as
- Programme management.

ERERA will be responsible for the project's implementation, coordination, and monitoring.

In his address at the launch, ERERA Chairman, Engr. Laurent Tossou, thanked the African Development Bank for it’s “unwavering support and commitment” to the project, adding that the Bank’s “partnership is a strong example to the spirit of collaboration that is vital for overcoming the complex challenges facing our region”.

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“Together, we are not only building a more interconnected energy grid but also strengthening the foundations for sustainable development and shared prosperity”, Engr. Tossou said.

He assured that through the project, ERERA is committed to fostering the regional harmonization of regulatory frameworks and tools as the initiative “aims to create an environment that encourages cross-border collaboration, investment, and innovation, ultimately paving the way for a more reliable, affordable, and sustainable energy supply”.

He noted that the harmonization of regulations is a proactive step toward creating a unified energy market within the ECOWAS space.

Earlier in his address, the AfDB’s Manager for Energy Policy, Regulation and Statistics, Mr. Callixte Kambanda, described the launch of the project as timely, considering the “elevated calls for pooling of the diverse energy resources of Africa at regional and continental levels”.

He said that the African Single Electricity Market (AfSEM) initiative being championed by the African Union Commission (AUC) aims to integrate various regional markets into a continental power market to further boost electricity exchange.

According to him, “a consistent and coordinated approach to addressing key regional energy infrastructure deficits, particularly regional interconnections, supported by relevant institutional, policy and regulatory reforms at the regional level will be required to achieve a fully integrated, competitive, and harmonized electricity market in Africa as envisaged under the AfSEM”.

Mr. Kambanda explained that the Electricity Regulatory Index for Africa (ERI), which is the Bank’s flagship report, recommended intensified efforts at the regional level for regulatory harmonization.

This, he explained, was why the Bank has embarked on “this programmatic technical assistance to support regional entities to develop appropriate tools and frameworks and build capacities for harmonization of regulatory frameworks”.