



SADC ENERGY

THEMATIC GROUP BULLETIN

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New SADC-ICP partnership for implementation

The recent move by SADC to create a new partnership with its International Cooperating Partners through thematic coordination has not only given birth to an era of structured dialogue but a fresh impetus to effective implementation of the regional integration agenda.

International Cooperating Partners (ICP) thematic group coordination, which finds its policy grounding in the Windhoek Declaration of 2006, provides a platform to give attention to specific priority areas by SADC and ICPs interested in a particular area of cooperation. It also gives an opportunity for pooling resources together and implementing specific programmes in areas of common interest.

ICPs have welcomed the formation of the thematic groups which they see as a means to harmonized and coordinated support.

Thematic groups cover priority areas that were defined by SADC in accordance with its Common Agenda as outlined in the Regional Indicative Strategic Development Plan (RISDP) and the Strategic Indicative Plan for the Organ (SIPO).

The new SADC/ICP partnership recognizes the importance of thematic coordination which is intended to evolve in a flexible manner within the context of the Joint SADC/ICP Task Force, which has also already been established.

The Energy Thematic Group (ETG) is one of several thematic groups that have emerged since the adoption of the Windhoek Declaration.

The ETG is made up of the SADC Secretariat, Southern African Power Pool (SAPP), Regional Electricity Regulators Association of Southern Africa (RERA) and all the ICPs whose programmes of cooperation cover the energy sector in the region.

The ETG serves as the interface between SADC and its ICPs, with the main purpose of improving coordination between stakeholders involved in SADC's energy

Thematic coordination objectives

- The main objectives of the thematic coordination include creating;
- Platforms for SADC and representatives of the ICP for networking/confidence-building;
- Fora for exchanging ideas and enhancing dialogue on strategic issues;
- Networks for exchanging and disseminating information such as progress reports, SADC decisions, global developments, etc;
- Fora for coordinating activities to avoid overlaps and achieve maximum synergies with other donors, other SADC activities, as well as sub-regional and global initiatives/actions;
- Resource mobilisation mechanisms on funding gaps, as well as serving the purpose of coordinating the utilization of secured funding; and
- Platforms for developing joint financing and technical cooperation arrangements which could include basket funding mechanisms, etc, in line with the New SADC/ICP Partnership and Paris Declaration.

sector, including the private sector and any new donors. It aims to improve the efficiency and effectiveness of the development of the sector and also facilitating planning and monitoring of implementation of SADC energy initiatives, programmes and projects.

In 2007, Norway was appointed lead ICP in the energy sector. The ETG has since met four times with the last meeting on 12-13 May 2009 in Maputo, Mozambique. The next meeting will be after six months in Gaborone, Botswana. □

Fourth ETG discusses 2009/10 SADC priorities

THE SADC Energy Thematic Group (ETG) convened its fourth meeting in Maputo, Mozambique, to discuss among other issues possible coordinated approaches and support to SADC energy activities.

The meeting in Maputo was attended by SADC, SAPP, RERA and all International Cooperating Partners (ICPs) involved in the SADC energy sector.

The meeting was chaired by the SADC Secretariat's Freddie Motlhaledi, who briefed participants on deliberations of the SADC Energy Ministers Meeting held in Maputo in April.

Officially opening the meeting, the Norwegian Ambassador to Mozambique, Tove Bruvik Westberg,

underscored the basis of the ETG as espoused by the Windhoek Declaration's principles for a New SADC-ICP Partnership. Norway is the lead ICP for the energy sector.

Ambassador Westberg pointed out that the ETG should endeavour to "move the energy sector forward, to supply sufficient, sustainable and affordable energy to the region".

She said the ETG meeting was a living example of a SADC-ICP partnership that is moving in the right direction.

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Better coordination needed for basic energy initiatives in SADC, Survey

A recent survey has revealed that basic energy initiatives abound in SADC while on occasions similar initiatives are being implemented by different agencies in the same country with little evidence of coordination.

The desk survey, which was a quick exercise done within a month period, was carried out by the Southern African Research and Documentation Centre (SARDC) covering the 15 SADC member states.

The initiative was commissioned by the Embassy of Norway in Mozambique in an effort to develop and promote improved and more

efficient energy access solutions in the region, while at the same time avoiding the possible risk of introducing overlapping activities.

While by no means exhaustive, the survey identified as many as 105 different basic energy initiatives, of which 13 were regional while 92 were national projects/programmes.

It noted that many of the regional initiatives identified were general and global programmes where SADC basic energy initiatives are or may be included.

Identifying a number of gaps, constraints and opportunities, the survey confirmed that there are

many activities in the basic energy field in the region, but the vast majority appears to be small-scale national projects.

To strengthen collaborative efforts by International Cooperating Partners, the study made the following recommendations:

- Having noted that there are many initiatives at the regional and national levels there is need for a coordinated approach at the levels of ICPs, member states, etc;
- Ensuring community participation and training of users to enhance national/local ownership for project sustainability; and
- ICPs can support member states to develop clear regional and national policies and strategies on basic energy, disseminate such information to the wider community and track implementation. □

Fourth ETG discusses 2009/10 SADC priorities

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Coming on the backdrop another volatile year characterized by diminishing installed power sector capacity versus rising demand and spiralling oil prices, as well as the April SADC Energy Ministers, the ETG meeting reviewed SADC energy sector plans and priorities for 2009/10.

Specifically, the meeting was convened to discuss issues on updates of the Southern African Power Pool (SAPP) Plan and a planned Investors' Roundtable, a survey of basic energy initiatives in the SADC region, as well as possible climate change approaches in a SADC perspective as a basis for further ICP coordinated initiatives.

Current energy sector activities as coordinated by the SADC Secretariat include work on:

- Updating the SADC Energy Activity Plan;
- Regional Energy Planning Network which was resuscitated in 2007 and under which the Energy Statistical Yearbooks are produced;
- Training Programme of Rural Energy Planning and Environmental Management which is now entering Phase IV;
- Programme for Basic Energy Conservation (ProBEC) Exit Strategy. The programme is currently funded by Germany (whose funding ends in 2010) and Norway;
- The Biofuels Initiative which is intended to increase alternative energy sources;

- Establishment of a Regional Petroleum and Gas Association (REPGA) which shall be preceded by a subcommittee;
- Update of the Southern African Power Pool (SAPP) Plan and the planned Investors' Roundtable; and
- The Regional Electricity Regulators Association (RERA) Programme.

The meeting also discussed the issue of Carbon Trading under the Clean Development Mechanism (CDM) which is increasingly attracting attention in SADC especially given its potential to contribute to overcoming the current and future energy sector challenges facing SADC.

The New Partnership for Africa's Development (NEPAD) and UN are targeting access to electricity for 35 percent of the population of Africa by 2015 and modern energy for cooking including improved stoves or fuels such as Liquid Petroleum Gas (LPG) to 50 percent of the population.

Pursuant to these targets, the meeting heard that a consultant has been appointed with funding from the EU to develop a Regional Energy Access Strategy and Action Plan by August 2009.

The meeting noted some of the challenges that are currently faced by the SADC region in its quest to provide sufficient and low cost energy services that can stimulate economic growth and development



The biofuels initiatives is intended to increase alternative energy sources.

while ensuring environmentally sustainable use of energy resources.

Some of the challenges were cited as the slow pace in implementation of identified projects, absence of effective champions for regional projects, financing mechanisms that are premised on bilateral rather than regional agreements, and a lack of political will to drive agreed regional projects.

The next ETG meeting will be in Gaborone, Botswana, in November 2009. □

Regional Electricity Tariffs Not Cost Reflective

The SADC region has been experiencing growth in its economies but this has been coupled with challenges in energy supply as predicted by experts just over a decade ago.

The region is faced by an inability to meet the increase in power demand with its insufficient SAPP installed capacity of 55,927 MW while available capacity was 48,649MW as of April 2009. This shows a deficit of 7,278MW.

The annual change in available capacity increased by only three percent from April 2008 to April 2009.

This unbalanced energy situation has been aggravated by the lack of investment in the energy industry which has restricted power generation and transmission capacity.

A survey in 2008 by the Regional Electricity Regulators Association of Southern Africa (RERA) with support from the USAID Trade Hub observed that regional tariffs are generally not cost reflective to sustain the industry, provide the right signals for investment and encourage efficiency.

The survey that sought to review the current status of the Energy Supply Industry (ESI) studied issues such as policy, legal, institutional and regulatory framework. RERA therefore suggested that there is an urgent need to develop strategies to move towards cost reflective levels to make the ESI viable and encourage investment. The survey also observed that most power projects are too big for national markets and there is need to harmonise policy, legal and regulatory frameworks to create a viable regional market and promote regional trade and investment.

The USAID Trade Hub is supporting RERA on publication of the Annual SADC Electricity Tariffs Publication and Tariffs Action Plan which will highlight a comparative analysis of tariffs and selected performance indicators in the SADC region.

RERA has also embarked on a number of other initiatives in the region. RERA with support from the World Bank has embarked on a study on electricity imports and exports: potential role for national regulators. Completion of this study is expected in the 3rd quarter of 2009. USAID Trade Hub is supporting RERA on its process of



Water reservoirs such as the Kariba dam are among existing hydro-energy sources in the region

reviewing licensing arrangements for the Special Purpose Vehicles in the region. SAPP and RERA are also reviewing issues in PPA negotiations. More of these initiatives will be done once the

Swedish/Norwegian technical assistance is in full gear. Political will, leadership and support will be extremely critical in the implementation of the ongoing initiatives & activities. □

GTZ to wean off ProBEC

The Germany Agency for Co-operation (GTZ) is working towards an exit strategy for its programme on basic energy currently running in nine SADC countries as its funding comes to end in 2010.

The Programme on Basic Energy Conservation (ProBEC) focuses on energy security and supply for low-income households and promotes improved energy solutions through market development and policy support. Currently the programme manages and stimulates the establishment of various projects based on energy conservation in Botswana, Lesotho, Malawi, Mozambique, Namibia, South Africa, Swaziland, Namibia and Zambia.

David Hancock of GTZ said the exit strategy has six main outputs namely:

- the establishment of sustainable local structures in which current ProBEC activities are embedded;
- continuity in the work on bio fuels and the development of

sustainability principles for SADC;

- a carbon entity based on programmatic carbon must be preferably up and running or at least at an embryonic stage;
- the SeTAR Centre is fully functional and “hub-and spoke” relationships be formed with regional universities;
- establishment of a “basket fund” at SADC to absorb new and unspent funds for future BEC activities evidence of government buy-in to the future of BEC strategies in their countries.

Currently, governments have taken significant strides in the buy-in to the future of ProBEC strategies and are at different stages in their countries. Lesotho, Botswana, Malawi, Zambia and Tanzania are in various stages of completion of their Biomass Energy Strategy (BEST) process while Mozambique is yet to apply. □

Africa-EU energy partnership roadmap by yearend

The Africa – EU Energy Partnership (AEEP) roadmap is expected to be finalized before the end of the year, according to Wolfgang Moser of the Austrian Ministry of Foreign Affairs.

The road map is one of the priorities of the partnership and will include issues of renewable energy and energy efficiency; regional integration and energy security; and access to energy.

Expected to be discussed by the Joint Experts Group in June 2009 in Brussels, the final roadmap is expected to be endorsed at the High Level Meeting in September 2009.

The AEEP is a long term partnership and offers a framework for dialogue and cooperation between Africa and the European Union on energy issues of strategic importance. In order to address energy challenges, the main objectives of the partnership are to:

- Engage in effective Africa EU dialogue on energy access and energy security for both continents;
- Ensure improved access to reliable, secure, affordable, climate friendly and sustainable energy resources; and
- Have increased European and African investments in energy infrastructure in Africa, including promotion of renewable energy and energy efficiency. □

SAPP to boost energy generation

The Southern African Power Pool (SAPP) has identified a number of projects to be commissioned this year to boost power generation and supply in the region.

The SADC region with an estimated population of more than 250 million has been experiencing serious energy challenges due to, among other factors, its economic growth hence the need to increase power generation.

Currently, regional energy demand stands at 55,927MW as of April this year against an available capacity of 48,649MW.

At a recent meeting in Maputo, Mozambique SAPP identified eight potential projects in Angola, the Democratic Republic of Congo, South Africa, Tanzania, Zambia and Zimbabwe for commissioning in 2009.

The projects, which include hydro, thermal and gas have the capacity to generate an additional 2,042MW. Last year the regional power pool commissioned 1,442MW against a target of 2,014MW. □

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May

- 15 Submission of proposals on strengthening of WESTCOR Leadership
- 15 Provision of energy statistics and information for 2007/08
- 30 Production of 2007/08 Energy Statistical Yearbook
- 31 Final REPGA Report sent to Member States

June

- 15 Consultations on Meeting of Ministers of Energy, Agriculture and Environment on Biofuels
- 15 Decision by UK Department of Energy and Climate Change on support to Biofuels Taskforce
- 30 Publication of Annual SADC Electricity Tariffs Publication
- TBA Discussion and endorsement by Joint Experts Group of the Africa – EU Energy Partnership road map

July

- 30 Consultations with Hub for next REPN training
- 31 Establishment of Joint Commission to review Westcor Inter Governmental Memorandum of Understanding
- 31 Development and implementation of Clean Development Mechanism Roadmap

August

- 3-8 Holding of regular meetings of Power Sector PSCs and Project Teams within each Member State.
- 30 Further analysis to identify the reasons for many policy reversals by RERA
- 31 Filling of the Power Sector Position – SADC Secretariat, Norway
- 31 Complete Study on SADC Energy Access Strategy and Action Plan by European Union funded consultant
- 31 Establishment of a Petroleum and Gas Subcommittee by SADC Secretariat and Member States
- 31 Consultations on Meeting of Ministers of Energy, Agriculture and Environment on Biofuels

September

- TBA Endorsement of final Africa – EU Energy Partnership road map by High level meeting

Other Key Dates 2009

May

- 11, Mozambique RERA/Sweden/Norway Consultative Meeting
- 11-16, Norway Electricity Regulatory Initiative (Elri) Seminar
- 12-13, Mozambique SADC Energy Sector Thematic Group Meeting
- 18-22, Namibia RERA/NARUC Regulatory Training Course
- 18-22, South Africa African Utility Week

June

- 9-10, South Africa Buy-Environmental Trade Show and Conference
- 30-2 Jul, France Africa Energy Forum

July

- 9-10, South Africa REEEP-SERN Workshop: "Policy and Regulation for Energy Efficiency in Southern Africa"
- 15 – 17, Zambia Energy Investors Round table

August

- 24-28, South Africa The Management of Power Quality in Modern Power Systems
- 31-1 Sept, South Africa Power Quality Conference for Southern Africa

September

- 7-8, Lesotho Meetings of the RERA Subcommittees
Legal Subcommittee
Economic Regulation Subcommittee
Technical Regulation Subcommittee
- 9, Lesotho Meeting of the RERA Portfolio Committee on Facilitation of ESI Policy, Legislation & Regulations
- 11, Lesotho Meeting of the RERA Portfolio Committee on Regional Regulatory Cooperation
- 14-18, DRC SAPP Meetings
- 28 - 2 Oct, South Africa Managing Reform and Regulation in the Electricity Sector