

***ENERGY REGULATION BOARD –
COST OF SERVICE STUDY***



***BY
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BACKGROUND



- March 2003 GRZ decided to commercialise ZESCO as opposed to privatisation
- Commercialisation aims to
 - Improve financial performance of ZESCO
 - Improve quality of service delivery
 - Attract new investment into sector
 - Increase access to electricity in Zambia
 - Introduce new technologies into ZESCO

OBJECTIVE OF PROJECT



- For commercialisation to be successful need for a strong regulatory oversight of the utility recognised
- Assignment is therefore for the institutional capacity and capability strengthening of the ERB

PROJECT SCOPE



- Review of internal systems and procedures
- Design and implementation of in-house training program
- Propose amendments to licences
- Review of process of enforcing technical standards
- Establishment of performance indicators for monitoring of ZESCO (financial and technical)
- Design of a system for the acquisition and management of data from licencees

PROJECT SCOPE (2)

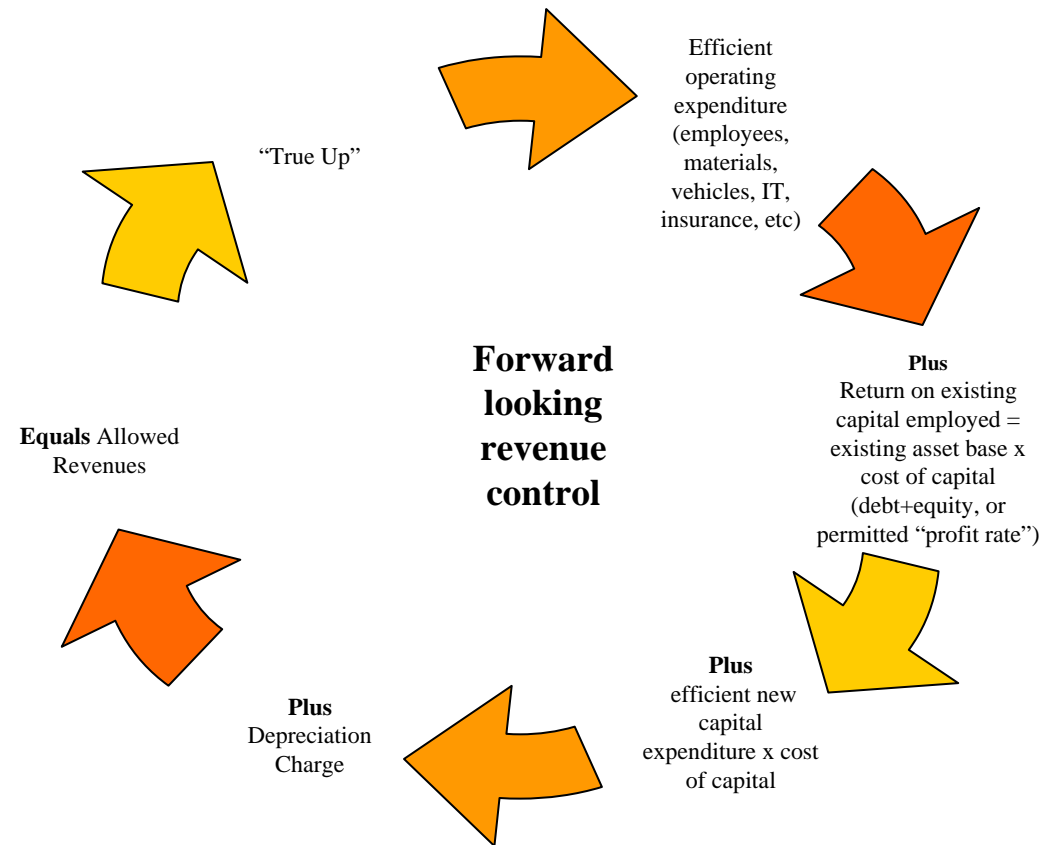
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- Development of draft regulations
 - Review and update of electricity demand forecasts prepared by ZESCO to 2020
 - Determination of the least cost generation, transmission and distribution expansion plans required to meet load forecast
 - Cost of service study to determine cost of supplying to various consumer groups
 - Tariff design taking into account economic efficiency, financial viability and social objectives

COST OF SERVICE STUDY

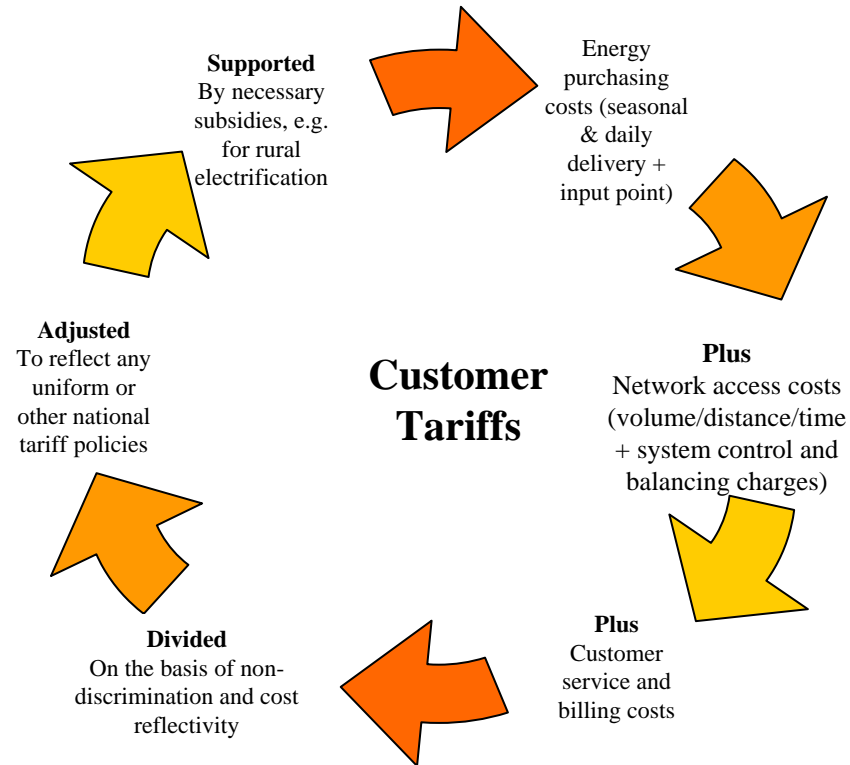


- Core of the Study
- 50% of Total Cost (\$650,000)
- Aim: establish costs of providing electricity service to various consumers
- Costs to be separated among generation, transmission and distribution
- Basis for designing tariffs by consumer category

COST OF SERVICE STUDY



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THE CONSULTANT



- Lead consultant is IPA Energy Consulting of Scotland
- In association with
 - PB Power (South Africa)
 - Enfin Solutions (Zambia)
 - Norton Rose (England)



THANK YOU