

ENERGY REGULATION BOARD

**An Introduction to the
Energy Regulation Board**

By

**Mrs. F. Mwangala Zaloumis -
Chairperson**

Background to the Establishment of the ERB

- 1994 – First Energy Policy
 - Need for regulator recognised
- 1995- Enactment of the Energy Regulation Act, provided for an independent regulator of the entire energy sector

Establishment of the ERB

- It is an autonomous statutory body created under the Energy Regulation Act of 1995, Chapter 436 of the Laws of Zambia, to regulate the energy sector in Zambia.
- In December 2003 the Act was amended.

Composition of the ERB Board

- The Board consists of seven part-time members
- Appointed by the Minister (in their individual capacity) from among eminent persons with qualifications in:
 - Engineering, Finance, Law, Natural resources and management, Electricity industry, Petroleum industry and Administration.
- The Chairperson and Vice are elected from among their number
- Tenure of office is 3 years, and members are eligible for re-appointment for one further term of three years.

Removal of Members of the Board

- If declared an undischarged bankrupt,
- If has been convicted of an offence involving fraud or dishonesty,
- If has been convicted of an offence under the Act or any other written Law and has been sentenced to imprisonment for a term of not less than six months,
- If is an office bearer or employee of any political party,
- If is the holder of a licence or has any interest in a licence,

Notable is the fact that the Minister can not remove any member for no reason.

SPECIFIC FOCUS IN ENERGY SECTOR

- Much as the Law empowers the ERB to regulate the entire energy sector, focus is mainly on the following energy sub-sectors:
 - ✓ Electricity
 - ✓ Petroleum
 - ✓ Coal
 - ✓ Solar

FUNCTIONS

The specific functions as enshrined in Section 5 of the Energy Regulation(Amendment) Act no 23 of 2003 are as follows:-

- Issue licences
- Monitor the efficiency and performance of undertakings,
- Receive and investigate complaints from consumers on price adjustments by any undertaking,

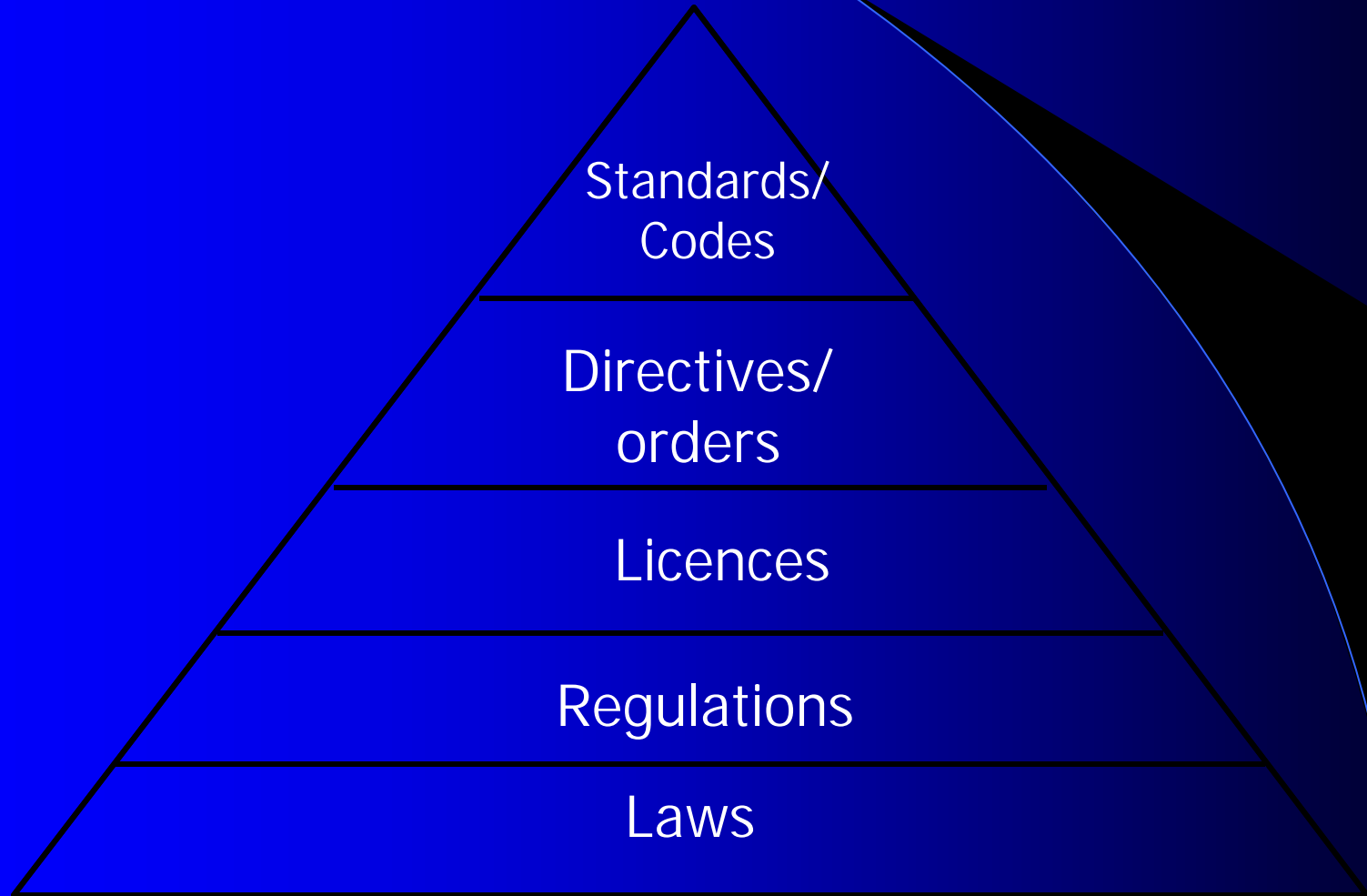
FUNCTIONS

- Receive and investigate complaints from consumers and licensed undertakings on services provided by the undertakings,
- Approve the location and construction of, and receive and investigate complaints concerning the location or construction of any energy, infrastructure common carrier or any energy installation or the carrying out of any works by any undertaking ,

FUNCTIONS

- With the Zambia Competition Commission:
monitor the levels and structures of competition within the energy sector and develop and implement appropriate rules to promote competition,
- With the Zambia Bureau of Standards design standards with regard to the quality, safety and reliability of supply of energy and fuels,
- With the Environmental Council of Zambia formulate measures to minimise the environmental impact of energy; and
- Recommend to the Minister measures to be taken through regulations.

Hierarchy of Regulatory Instruments



Enforcement Procedure

- was developed to address issues of non-compliance,
- is based on conditions in the licences that were issued to the licensed undertakings,
- to ensure that the Board's powers are exercised in a manner that is fair, professional and consistent.
- lays out the procedure of enforcing the licence conditions for all sectors regulated by the ERB

FUNDING

- Licence Application fees (0.1% of the cost of establishing an undertaking)
- Annual Licence fees (up to 0.8% of the annual turnover of an undertaking)
- Actual percentage is based on budget and is currently set at 0.7%
- ERB retains 80% of the fees collected and remainder remitted to MoF&ND.
- Can receive Grants from Government
- Can get donations from Cooperating partners

BOARD'S DECISION MAKING PROCESS

- ✓ The ERB is an autonomous body,
- ✓ The ERB is independent in its decision making,
- ✓ Once appointed, the Board acts independently in its decision making,
- ✓ No stakeholder representation on the Board
- ✓ Affords the parties concerned a chance to be heard. Public hearings are held in certain instances.
- ✓ Decisions are communicated to the public through the media and scripts are public documents open to public exposition.

BOARD'S DECISION MAKING PROCESS contd.

- Decisions of the Board relating to refusal to grant a licence may be appealed to the High Court
- Annual Report to be made to the Minister no later than six months from the end of the financial year, the Minister will table the report before Parliament

The Electricity Act

- Enacted to regulate the generation, transmission, distribution and supply of electricity,
- Does not apply to undertakings with an installed capacity of 100KW and solely for own use.
- Makes it mandatory for any electricity undertaking wishing to vary or alter its charges to give consumers at least 30 days notice prior to effecting the variation.

The Electricity Act contd.

- The ERB will consider any objections to the undertakings proposals
- In the event of there being no objections the ERB can on its own motion review the undertaking's proposal.
- The ERB decision is final and not subject to appeal.