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Zambian Regulators Advance Framework to Support Off-Grid Electricity Development

Leaders in Zambia have set into motion a profoundly important effort to expand access to affordable, reliable electricity. For isolated and remote communities, officials believe that off-grid systems will serve as an essential component to increasing access to modern electricity services in Zambia.

The Zambia Energy Regulation Board (ERB) is taking a leading role in attracting investment into the country's burgeoning off-grid power sector by taking steps to create greater certainty within the development process. Recently, the ERB launched a pilot program for an off-grid regulatory framework, which directly answers a need identified by investors looking to develop off-grid systems in the country.

Specifically, potential investors and developers have indicated that the lack of a clear and predictable off-grid regulatory framework is a major obstacle to investment in the sector in Zambia. Off-grid development is critical to Zambia's electrification goals because extending existing infrastructure from urban areas will not be technically or financially feasible, given that many areas of the country feature markedly low population density.

Thanks to support from USAID and Power Africa, NARUC organized a peer review of the ERB's Draft Regulatory Framework for Off-Grid Systems in August 2018. During the review, experts from the U.S., Kenya, and Tanzania met with ERB participants to identify gaps, develop recommendations for strengthening the framework and build the ERB's internal capacity to serve as an informed stakeholder going forward.



Zambian officials tour the Two Rivers City, a mixed-use development set on 107 acres in Nairobi County in Kenya in January 2018. Through support from USAID and Power Africa, NARUC facilitated a study tour and regulatory dialogue between Zambian and Kenyan regulators to support the ERB's broader efforts to develop and implement a regulatory framework for off-grid electricity systems.

NARUC experts also helped ERB staff compile a “key considerations” document, providing a working reference for ERB staff working with other electricity sector stakeholders on the regulatory framework.

Based on discussions at the peer review, the ERB submitted specific comments on the draft framework to the ERB Board. The Board then approved the revised framework for piloting, incorporating the recommendations made by ERB staff and supported by NARUC experts.

The pilot framework provides a basis for Zambia to “road test” various regulatory interventions, resulting in lessons learned that could be applied going forward. By establishing guidance related to licensing, tariff setting, and technical standards, it will provide increased clarity for off-grid developers and investors.

Maimbolwa Matale, Monitoring and Evaluation Officer at ERB, said that the in-depth discussions and recommendations made during the peer review are enabling ERB staff to play an active role in defining the scope of off-grid regulation in Zambia and develop a new framework geared toward private sector participants.

“We now feel better equipped to provide informed input as a critical stakeholder in the development of Zambia’s Draft Regulatory Framework for Off-Grid Systems,” Matale said. “We look forward to exercising our enhanced regulatory capacity to ensure the

adoption of a framework that results in expanded access to affordable, reliable electricity and cultivates an improved enabling environment for public and private investors in the off-grid sector.”

These lessons learned enabled ERB staff to further develop and refine the regulatory framework, which was approved for piloting by the ERB Board in late 2018.

“Following the peer review, the ERB has developed a better understanding of the main

regulatory issues surrounding off grid systems. The insights and knowledge acquired from the NARUC expert volunteers will prove useful in the pilot of the Draft Regulatory Framework for mini-grids,” Matale said.

NARUC’s support for ERB and development of off-grid opportunities in Zambia continues. In January 2019, NARUC facilitated a collaboration between regulators in Kenya and Zambia whereby ERB staff visited Kenya to learn about the latter’s efforts to implement off-grid systems.

As the ERB implements the pilot framework, NARUC will monitor regulatory progress in the sector and seek additional opportunities to provide expertise and capacity building assistance.

Through USAID and Power Africa support, NARUC looks forward to continued partnership engagement with Zambia in 2019 and beyond.

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