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Sixth Annual General Meeting (AGM) of the Regional Association of Energy Regulators for Eastern and Southern Africa (RAERESA)

Sonesta Hotel, Cairo, Egypt

18 – 19 November 2015

FINAL REPORT

INTRODUCTION

1. The Sixth Annual General Meeting (AGM) of the Regional Association of Energy Regulators for Eastern and Southern Africa (RAERESA) was held at Sonesta Hotel, in Cairo, Egypt on 18 – 19 November 2015. The main objectives of the Meeting were to review the annual report of activities as well as the effectiveness of RAERESA in order to facilitate the implementation of RAERESA's work programme.

Attendance

2. The Meeting was attended by the following:

a. **Full Members of RAERESA:** Electric Utility and Consumer Protection Regulatory Agency of the Arab Republic of Egypt, Energy Regulatory Authority of the Federal Democratic Republic of Ethiopia, Energy Regulatory Commission of the Republic of Kenya, Electricity Regulation Office of the Republic of Madagascar, Malawi Energy Regulatory Authority of the Republic of Malawi, Rwanda Utilities Regulatory Authority of the Republic of Rwanda, Seychelles Energy Commission of the Republic of Seychelles, Electricity Regulatory Authority of the Republic of Sudan and Zimbabwe Energy Regulatory Authority of the Republic of Zimbabwe;

b. **Associate Members of RAERESA:** Ministry of Production, Environment, Energy, Industry and Handicrafts of the Union of Comoros and Ministry of Water Resources, Electricity of the Democratic Republic of Congo and Ministry of Energy in charge of Natural Resources, Republic of Djibouti;

Observers: Energy Regulation Board of Zambia

3. The list of participants is attached as Annex V to this report.

A. OPENING – AGENDA ITEM 1

4. Engineer Hatem Waheed, the Managing Director of the Electric Utility and Consumer Protection Regulatory Agency (EgyptEra) of the Arab Republic of Egypt officially opened the Meeting. The Managing Director welcomed all the delegates to the sixth Annual General Meeting (AGM) and invited them to enjoy their stay in Egypt.

5. Eng. Waheed expressed the willingness of the Electric Utility and Consumer Protection Regulatory Agency of the Arab Republic of Egypt to share its experience in energy regulations with all COMESA countries. In this regard, he indicated that EgyEra provided technical assistance to Seychelles in April 2015.

6. Eng. Dalal Hilmy representative of the Ministry of Electricity and Renewable Energy made some remarks. She welcomed all the delegates to Egypt and invited them to enjoy their stay in Egypt. She indicated that energy security was key to development and that Egypt had put in place frameworks for Egyptian African cooperation.

7. Kenya which is the current Chair of the Plenary of RAERESA chaired the meeting. In his opening remarks, Dr. Frederick Nyang from the Energy Regulatory Commission of the Republic of Kenya welcomed the Members, Associate members of RAERESA, observers and invited guests to the Sixth Annual General Meeting (AGM). He thanked the Government and people of

the Arab Republic of Egypt for the hospitality accorded to the delegates since their arrival in the beautiful city of Cairo and for the excellent facilities that had been put at the disposal of the delegates

8. Dr. Nyang pointed out that the energy sector in the COMESA region was constrained by a number of key challenges which included, among others, long duration of energy projects preparation, inadequate funding for structuring of regional projects, design, funding contracting and implementation; and impediment related to policy and regulatory enabling environment and inadequate standardization of agreements and legal texts.

9. In this regard, and in order to address the challenges indicated earlier, Dr. Nyang, stressed that it should become a necessary condition for COMESA to integrate synergies on energy regulatory issues and to strengthen its regional regulatory association, RAERESA whose mandate would include supporting the development of effective energy regulation through facilitating the harmonization of regulatory policies, exchange of information and sharing of experience amongst energy regulators, and capacity building in support of socioeconomic development..

10. The representative of the COMESA Secretariat, Dr. Abu Sufian Dafalla, Director of Infrastructure and Logistics also made some opening remarks. He indicated that COMESA had put in place a number of instruments which would facilitate the process to liberalize trade in energy services, He further indicated that these instruments included the COMESA Model Energy Policy Framework, the establishment of the Regional Association of Energy Regulators for Eastern and Southern Africa (RAERESA) and the establishment of the Eastern Africa Power Pool (EAPP). He then indicated that the COMESA Model Energy Policy Framework would require that major reform be undertaken to improve technical and economic efficiency and effectiveness in energy services delivery; and that energy pricing be market based.

11. He pointed out that the role of the Regional Association of Energy Regulators for Eastern and Southern Africa (RAERESA) should be pivotal in facilitating the trade in energy services in the region through creating an enabling environment for investments in generation, transmission and distribution, and also improving regulatory transparency. He envisaged that RAERESA could be committed to working towards the harmonization of the rules as they pertain to energy and promote good governance in order to brand energy sector in the COMESA region as an investors' friendly sector and also to improve the services of the existing energy infrastructure through enhanced efficiency.

B. ADOPTION OF AGENDA AND ORGANISATION OF WORK – AGENDA ITEM 2

12. The Meeting considered and adopted the following agenda:

1. Opening of the Meeting

2. Adoption of the Agenda and Organization of the Work

3. Consideration of the Report of the Meeting of the Executive Committee of RAERESA

4. Consideration of the Report of the Fifth Meeting of the Portfolio Committee on Renewable Energy of RAERESA

5. Consideration of the Report of the Fourth Meeting of the Portfolio Committee on Environment and Energy Efficiency of RAERESA

6. Consideration of the Paper on Contributions from Member Countries

7. Applications for the Membership of the Regional Association of Energy Regulators for Eastern and Southern Africa (RAERESA)

8. Any Other Business

9. Adoption of the Report and Closure of the Meeting

Organisation of Work

13. The Meeting adopted the following working hours:

Wednesday, 18th November, 2015

Morning - 09.00 – 13.00 hours
Afternoon - 14.00 – 16.30 hours

Thursday, 19th November, 2015

Morning - 08.00 – 14.30 hours report writing
Afternoon - 15.00 – 17.00 adoption of the report

C. CONSIDERATION OF THE REPORT OF THE SEVENTH MEETING OF THE EXECUTIVE COMMITTEE MEETING OF RAERESA – AGENDA ITEM 3

14. . Eng. Mr. Alfred D Byigero, Head of Department of Energy, Water and Sanitation Regulation, Rwanda Utility Regulatory Authority (RURA) presented the Report of the 8th Meeting of the Executive Committee. The meeting considered the report and the discussions and recommendations are outlined below.

15. The meeting noted that the Executive Committee of RAERESA held a meeting on 17th November 2015. The Meeting further noted that the objectives of the meeting were to review the annual report of activities as well as the effectiveness of RAERESA in order to facilitate the implementation of RAERESA's work programme.

16. The meeting further noted that the Executive Committee discussed the Report of the Fifth Meeting of Portfolio Committee on Renewable Energy which was held in Nairobi, Kenya on 15 – 16 December 2014. The Meeting further noted that this report would be presented as a substantive agenda item for adoption.

17. The Meeting noted that the Executive Committee also discussed the report of the Fourth Meeting of the Portfolio Committee on Environment and Energy Efficiency which was held in Cairo, Egypt on 15 – 16 November 2015 and made relevant comments. The Meeting further noted that this report would be presented as a substantive agenda item for consideration.

18. The Meeting noted that the Executive Committee also discussed the paper on contributions from Member countries as well as the applications for the membership of RAERESA. The Meeting further noted that these issues would be presented as a substantive agenda item for consideration

D. CONSIDERATION OF THE REPORT OF THE FIFTH MEETING OF THE PORTFOLIO COMMITTEE ON RENEWABLE ENERGY OF RAERESA – AGENDA ITEM 4

19. Mr. Getahun Moges, Director General of Energy Regulatory Authority of Ethiopia and the current Chairperson of the Portfolio Committee on Renewable Energy of RAERESA presented the report of the Fifth Meeting of the Portfolio Committee on Renewable Energy, which was held in Nairobi, Kenya on 15 – 16 November, for consideration.

Alignment of Renewable Energy Technologies in the COMESA Region: Draft Guideline on Regulatory Framework on Off-Grid Electrification and Draft Effective Regulatory Regimes as a Requirement for Renewable Energy Development

20. The objective of the alignment of renewable energy technologies in the COMESA region is to facilitate the harmonization of regulatory frameworks for renewable energy technologies in efforts to facilitate the attainment of the following:

a. to make the environment conducive to renewable energy sub-sector investment, in particular, encouragement of private sector investment and participation;
b. to facilitate trade in renewable energy technologies; and
c. to promote the use of renewable energy technologies.

21. The meeting noted that the draft document was thoroughly discussed by the Fifth Meeting of the Portfolio Committee on Renewable Energy.

Draft Guideline on Regulatory Framework on Off-Grid Electrification

22. The main objective of the COMESA Off-Grid Electrification Framework is to provide COMESA Member States with harmonized guidelines that would facilitate off-grid electrification regulation harmonization in the COMESA region in efforts to ensure that private sector investors are more-or-less faced with similar off-grid electrification regulatory frameworks in the COMESA region. The specific objective of the off-grid electrification framework is to provide an outline of contents expected in an off-grid regulatory framework, financing models and off-grid electrification technologies, which countries can then adopt and/or customize, therefore, harmonizing the off-grid regulatory framework in the spirit of regional integration.

23. The document on regulatory framework on off-grid electrification contains a number of regulatory elements which include the following:

a. enabling environment for off-grid electrification deployment;
b. policy and regulatory framework;
c. institutional framework;
d. capacity building and local participation;
e. financing and business models;
f. technical requirements;
g. concessions- regulatory and contracting issues; and
h. regulatory oversight.

24. The meeting noted that the document on draft guidelines on regulatory framework on off-grid electrification was silent on linkages between rural development and off-grid electrification. In this regard, the meeting agreed that such a linkage should be established in the text and that off-grid electrification should enable the implementation of rural development strategy which would include components such as development of: rural water, rural education, rural health, etc. To this end the meeting noted that off-grid electrification was an enabler to rural development and that energy was the engine to rural development.

25. On regulatory oversight, the meeting noted that a light-handed regulation might be required when issues of off-grid electrification were dealt with. The meeting further noted that the success model to boost off-grid electrification, in some cases, was by cooperatives and that Governments should always play an important role.

26. The meeting also underscored the need for different polices to be harmonized such as land use, food security, etc. Moreover, the meeting underscored the need to establish linkages of rural electrification to public private partnership (PPP) power purchase agreement (PPA) in the document and that an interface should be established.

27. The meeting emphasized the need for uncompromised internationally acceptable standards as the safety issue should be top priority. In this regard, the meeting emphasized that international standards should always be used.

28. The meeting also agreed that lessons learnt from lighting Africa programme should be reflected in the document. It is worth noting that Lighting Africa programme is a joint initiative of IFC and the World Bank. Its main thrust is to facilitate the acceleration of the development of markets for clean off-grid lighting products in sub-Saharan Africa.

Effective Regulatory Regimes as a Requirement for Renewable Energy Development

29. The main objective of the effective regulatory regimes guideline is to provide COMESA Member States with harmonized guidelines that would facilitate regulatory regimes harmonization in the COMESA region in efforts to ensure that private sectors investor are more-or-less faced with similar regulatory regimes in the COMESA region.

30. The meeting noted that effectiveness would be a comprehensive approach consisting of three factors, namely, the potential of the regulatory regime to:

a. overcome barriers for renewable sources;
b. promote sustainable development; and,
c. political commitment and action beyond the projects in the host country.

31. The meeting also noted that the major intention of the effective regulatory regimes guideline as a requirement for renewable energy development should be sustainable development, removal of barriers and political commitment.

32. The meeting noted that a regulator would be independent, if three requirements were met. The meeting further noted that these requirements would include budget independency, independent from the regulated industry and decision making based on legal and technical aspects only and not based on political considerations. Moreover, the meeting stressed that the regulator should avoid industry capture and be free from political influence. In this regard, the

meeting emphasized that the regulator should stand firm to apply its mandate as enshrined in the law.

33. On biofuels section, the meeting agreed that it should be moved from the body of the text and it should be attached annex.

34. The meeting agreed that renewable energy standards, competitive procurement guidelines and guidelines for biofuels should be areas of future interventions and that corresponding detailed guidelines should be developed. .

35. The meeting thoroughly discussed the two guidelines on regulatory framework on off-grid electrification and on effective regulatory regimes as a requirement for renewable energy development and made relevant comments, observations and improvements.

36. The updated (revised) final report on alignment of renewable energy technologies in the COMESA region: *guidelines on regulatory framework on off-grid electrification and effective regulatory regimes as a requirement for renewable energy development*, is attached as Annex I to this report.

Recommendations

37. ***The meeting recommended that:***

- ***a. The report on alignment of renewable energy technologies: (i) revised guidelines on regulatory framework on off-grid electrification and (ii) revised effective regulatory regimes as a requirement for renewable energy development be adopted;***
- ***b. detailed renewable energy standards be developed;***
- ***c. detailed competitive bidding guidelines be developed; and***
- ***d. detailed guidelines on biofuels be developed;***

E. CONSIDERATION OF THE REPORT OF THE FOURTH MEETING OF THE PORTFOLIO COMMITTEE ON ENVIRONMENT AND ENERGY EFFICIENCY OF RAERESA – AGENDA ITEM 5

38. Eng. Mr Ibrahim Amin Ahmed, Directorate Manager, Electricity Regulatory Authority of Sudan, the current Chair of the Portfolio Committee on Environment and Energy Efficiency, presented to the Meeting the report of the Fourth Meeting of the Portfolio Committee on Environment and Energy efficiency of RAERESA which was held in Cairo, Egypt 15 – 16 November 2015 for consideration.

Draft Report on the Status of Environment and Energy Efficiency in the Electricity Sector in the COMESA

39. The main objective of the report is to demonstrate that achievement of energy efficiency, in the COMESA region, could be an important step for reducing greenhouse gas (GHG) emissions. Improvement in energy efficiency could be done in power generation, transmission and in usage of power in industry, in buildings and appliances. Moreover, the report is intended to facilitate sharing of information on energy efficiency among COMESA Member States in order for them to plan for future integration of policies, programmes and projects related to energy efficiency.

40. In this regard, the report on the status of environment and energy efficiency in the electricity sector argues that energy related challenges within the COMESA region would require practical policy actions. The report also highlights that, in order to stimulate economic growth and address the poverty issues, COMESA countries might need to look for alternative sources of energy that could secure a sustainable flow of energy. Considering the fact that the region is endowed with renewable energy resources, the report proposes that COMESA should focus on formulating policies that would promote development and expanded supply of clean energy based on renewable resources. In addition, the report proposes that COMESA should formulate appropriate policies and legislation that would attract investors though utilizing the advantages of Clean Development Mechanism (CDM).

41. The report concludes that the above would have an added advantage of minimizing carbon emissions and climate change. The report also has identified the following as barriers related to energy efficiency in COMESA countries:

a. devaluation of some countries' currency (for example Egypt and Sudan) and the instability in their exchange rates;
b. high subsidy of energy and unstable energy tariffs in some countries;
c. no comprehensive governmental policy or programmes related to energy efficiency and conservation in the demand side except some efforts which rely mainly on international funding and aid;
d. inconvenient lending terms for energy conservation projects such as short term loans, high equity ratio (1:1) and high interest rate.;
e. low awareness and absence of plans to improve energy efficiency in most countries or the non-application of energy efficiency plans.
f. absence of specific targets for energy efficiency in the demand side; and
g. unavailability of special funds for energy efficiency projects and absence of economic incentives for energy efficiency and conservation.

42. It is worth noting that DNV-GL, which is one of world's leading classification societies and a recognized advisor for the maritime industry, and energy efficiency and environmental performance, provided technical assistance to COMESA energy efficiency strategies implementation. In this regard, the meeting noted that an expert in energy efficiency visited the COMESA Secretariat in July 2015 in order to exchange notes on energy efficiency. Following this visit, the meeting noted that a technical support was provided to Sudan to improve the draft report on the status of environment and energy efficiency in the electricity sector in the COMESA region.

43. In the discussion that ensued, the meeting agreed that the report should be adopted as baseline information on the status of energy efficiency in the COMESA Member States, provided that the report should accommodate issues raised by some Member States as missing such as National Plans for Energy Efficiency and availability of testing facilities. The meeting noted that energy efficiency programme is a relatively new phenomenon in the COMESA region and it is very dynamic and fast growing.

44. The draft report on the status of environment and energy efficiency in the electricity sector in the COMESA region is attached as Annex II to this report

Decisions

45. ***The meeting decided that:***

a. the draft report on the status of environment and energy efficiency in the electricity sector in the COMESA region be adopted as a baseline information of the energy efficiency status of Member States; and

b. a system of updating the status of energy efficiency programmes in Member States be established such as development of a page for energy efficiency and conservation on the COMESA website.

Report on COMESA/SADC Energy Efficiency Training Seminar Held in Lusaka Zambia on 15 – 19 June, 2015

46. The meeting noted that COMESA/SADC energy efficiency training seminar was held, through the support of the European Union (EU), in Lusaka Zambia on 15 – 19 June, 2015. The main objectives of the Meeting were to:

a. build capacity and share information to facilitate energy efficiency programmes among COMESA/RAERESA and SADC/RERA members;
b. respond to specific training needs in the energy efficiency related fields; and
c. engage into a cooperation frame with institutions involved in energy efficiency issues.

47. The meeting also noted COMESA/SADC energy efficiency training seminar was organized as a part of the on-going steadfast efforts to strengthen collaboration between RAERESA under COMESA and the Regional Electricity Regulators Association of Southern Africa (RERA) under SADC.

48. The meeting then noted that the training seminar was attended by Angola, Botswana, Burundi, Comoros, Democratic Republic of Congo (DRC), Djibouti, Egypt, Eritrea, Ethiopia, Lesotho, Madagascar, Malawi, Mozambique, Namibia, Rwanda, South Africa, Sudan, Swaziland, Zimbabwe and Zambia. It was also attended by the European Union Delegation, Zambia and EU Technical Assistance Facility – Sustainable Energy for All (SE4ALL)

49. The meeting noted that resource persons were provided by the Renewable Academy (RENAC), Germany, and that a number of topic related to energy efficiency were covered which included introduction to energy efficiency; energy efficiency for cooking and lighting; energy efficiency in building; energy efficiency technologies in power systems; energy efficient solutions to industry; energy efficiency standard systems; introduction to energy efficiency policy issues; policy measures for power systems, lighting, cooking, buildings and industry; and creating energy efficiency scenarios.

50. As a way forward for energy efficiency as envisaged by the trainees, the meeting noted that the key elements were contained in the document related to participants conclusions on the way forward for energy efficiency. Document on participants' conclusion on the way forward for energy efficiency is attached as Annex III to this report.

51. As a follow up on this COMESA/SADC energy efficiency training seminar, the meeting noted that another regional energy efficiency stakeholders workshop was held, through the support of the European Union (EU), in Windhoek, Namibia on 11– 12 November 2015. The major objective of the workshop was to establish a direct bridge and knowhow transfer between

COMEA/REARESA–SADC/RERA and the ECOWAS Centre for Renewable Energy and Energy Efficiency (ECREEE) on energy efficiency tools, planning, policies and reforms, practices on reduction of electricity networks (transmission and distribution) losses, capacity building, awareness and sensitization campaigns and establishment of vocational training centre.

52. The workshop also helped define role, actions and synergies on energy efficiency strategies; and identify plans for coordination among regional organizations and recommendations for next actions.

53. The meeting agreed on synergies and related activities in energy efficiency which included, first level coordination mechanism embracing the COMESA-EAC-SADC Tripartite which should convene a coordination meeting annually. The second level would be organized in thematic groups approach jointly to address specific energy efficiency initiatives. As follow up on activities, the meeting identified some activities which would include establishment of contact with Energy Community, visit to European Association of Regulators, stakeholders' mapping, development of energy efficiency policy and strategy and development of energy standards and labelling.

Recommendations

54. ***The meeting recommended that COMESA/RAERESA and SADC/RERA should work together to:***

- ***a. adopt common Minimum Energy Performance Standards, as well as common energy labelling, for widely traded energy using devices, focusing on lighting products in the initial phase;***
- ***b. support their member countries in developing national action plans for renewable energy and energy efficiency, using, as appropriate, methods such as twinning arrangements, sharing of best practices between the most advanced and less advanced countries, creation and strengthening of centres of excellence, and common training programmes;***
- ***c. accelerate cooperation and shared investments between the region's power pools, so as to maximise the benefit to energy users of the regions' vast energy resources;***
- ***d. strengthen support to national electricity companies responsible for generation, transmission and distribution, in fully integrating energy efficiency into power network infrastructure investments, maintenance practices and operating procedures;***
- ***e. lead their member countries in developing, adopting and putting into practice thermal building codes, so that the rapid construction in the region's cities affords comfortable, economic and energy efficient living and working space for the region's population;***
- ***f. facilitate sharing of experience on best practices and successful national initiatives in the area of cooking energy efficiency;***
- ***g. initiate a process for development of common policies and regulatory guidelines, both at the regional and national level, in view of achieving the region's clean energy goals:***
- ***h. identify the optimal modalities for regional and national energy efficiency programmes in the industry and transport sectors;***

*i. **establish a regional working group, to accelerate progress on energy efficiency policies and regulations, as well as to launch work on benchmarking, milestones, monitoring and evaluation; and***
*j. **the training material of the training workshop that was held on June 2015 in Lusaka , Zambia, should be circulated to Member States.***

Cooperation between COMESA and EU on Energy

55. The meeting was informed that the European Union (EU) would assist Eastern Africa, Southern Africa and Indian Ocean (EA-SA-IO) region to enhance its sustainable regional energy market, through a programme on enhancement of a sustainable regional energy market in the Eastern and Southern Africa and Indian Ocean region, under the 11th EDF Regional Indicative Programme for EA-SA-IO region.

56. It is worth noting that the programme has been identified to specifically support:

a. the development of regulatory frameworks to nurture a regional energy market that is efficient, sustainable, harmonised and able to attract investments and ensure universal access;
b. strengthen RERA and RAERESA's capacity to proactively influence developments in the energy sector in the region; and
c. enhance the capacity of Member State Regulators, develop and enhance domestication of renewable energy and energy efficiency policies and regulatory guidelines to promote investment in clean energy.

57. The overall Objective of the programme is to enhance a sustainable regional energy market in the EA-SA-IO, which is conducive to investments and promoting sustainable development. The purpose of the programme is to achieve a harmonized and efficient regulatory environment in the EA-SA-IO region.

58. It is expected that the programme will result in the following:

a. a harmonized energy regulatory framework adopted by EA-SA-IO countries with a particular emphasis on cross border issues to encourage investments in the region;
b. enhancement of regulatory capacity of the National Regulatory Authorities and strengthening capacity of the Regional Associations (RAERESA and RERA) and Power Pools (EAPP and SAPP) to proactively influence developments in the energy sector; and
c. enhancement of the development and domestication of renewable energy and energy efficiency policies and regulatory guidelines to attract investments in clean energy and build capacity in clean energy in the region.

59. The meeting was also informed that the beneficiaries of the action would be East Africa-Southern Africa- Indian Ocean (EA-SA-IO) countries and RECs namely COMESA, EAC, IGAD, IOC and SADC. In this regard, the meeting was informed that the Regional Association of Energy Regulators for Eastern and Southern Africa (RAERESA) of COMESA had been identified to lead and to undertake the overall coordination of this project.

Recommendation

60. ***The meeting recommended that COMESA/RAERESA to collaborate with regional and international institutions such as: Regional Economic Communities (RECs), the***

European Union (EU), the African Electro-technical Standardization Commission (AFSEC), the Collaborative Labelling and Appliance Standards Programme (CLASP) etc. for maturing a fully-fledged programme in order to develop a region-wide energy efficiency and labelling programme

Concept Note on Energy Efficiency Standards and Labelling Programme Proposal for COMESA Region

61. The meeting recalled the decision of the Fifth Annual General Meeting (AGM) of RAERESA which was held in Lusaka, Zambian on 30 September – 1 October 2014 that a position paper to win political support for the commencement of a regional platform / stating the need and urgency of a well-co-ordinated region wide energy efficiency standards and labelling programme to be equally embraced by all COMESA countries, to be prepared.

62. In this regard the meeting noted that Mr. Getahun Moges Kifle, Director General, Ethiopia Energy Authority (EEA), Member of RAERESA's Executive Committee and the Chairperson of the Portfolio Committee on Renewable Energy of RAERESA prepared a concept note on energy efficiency standards and labelling programme proposal for COMESA region.

63. The concept note highlights issues related to energy efficiency standards and labelling salient features, rationale for regional energy efficiency standard and labelling programmes in COMESA and the way forward.

64. The concept note indicates that energy efficiency labelling programme requires a legal base in areas of programme ownership and management in order to be sustainably maintained. Moreover, the concept note indicates that energy-efficiency standards and labels consist of informative marker affixed to manufactured products to describe the product's energy performance (usually in the form of energy use, efficiency, or energy cost) to give consumers the information necessary to make informed decision in the market place. And that energy-efficiency standards are procedures and regulations that prescribe the energy performance of energy-consuming products, sometimes prohibiting the sale of products that are less efficient than a minimum level as in the case of mandatory standards.

65. On benefits of energy efficiency standards and labelling programmes, the paper argues that effectively designed energy efficiency standards and labelling programmes help an economy reduce net energy consumption in that economy and, therefore, the corresponding primary fuel expenses which, otherwise, would be used to produce the energy. The paper also argues that equally carbon emissions would also be reduced proportionally contributing to mitigate the effects of climate change. The paper shows that reduction in energy consumption (increasing energy productivity) in the production process will reduce the cost of doing business and enhance the competitiveness of that particular economy.

66. The paper then argues that this programme can also protect an economy from becoming a dumping destination of low performing and/or sub-standard appliances and equipments as some appliance and equipment manufacturing industries, though they have capability to produce efficient appliances and equipments, would tend to produce also low performing equipments and appliances to their export destinations where there is not energy efficiency standards and labelling programs. The paper also argues that more and more economies are adopting energy efficiency labelling programmes now brought about breakthrough in technology and that compliance capability of suppliers is significantly improved. This provides an attraction to new coming energy efficiency and labelling programmes.

67. All the above, among others, are expected to constitute a solid rationale for regional energy efficiency standard and labelling programmes. In this regard, the paper concludes that this would be an opportune time to promote energy efficiency standards and labelling programme on equal footings throughout COMESA regarding appliance and equipments in the residential, commercial, franchises and industrial sectors.,

68. The paper proposes that harmonization of COMESA wide energy efficiency labelling programme could include alignment of testing procedures and alignment of label design.

69. As a way forward, the paper stresses that COMESA countries have every reason to engage in a joint regional energy efficiency standard and labelling programme which fosters an attractive market for appliance and equipment manufacturers and suppliers, while significantly reducing the cost of programme design and implementation. In order for this programme to be prompted, where alignment of frameworks is necessary, the paper proposes that commitment at the political level is required and that policy dialogue starting from the COMESA energy Ministers forum be initiated.

70. The paper proposes that the following key activities and deliverables be accomplished by the COMESA Secretariat and RAERESA:

a. this concept note on energy efficiency standards and labelling programme be adopted;
b. as separate sphere of regulation for energy efficiency and conservation measures needs political legitimacy, a policy paper (road map) on COMESA wide standards and labelling programme be prepared to be considered by the COMESA Energy Ministers for approval;
c. a COMESA wide survey on: policy, legal, institutional framework, supply and demand market for appliances and equipments as related to standards and labelling, assessment of appliances and equipments for the supply and demand markets and local manufacturing capability be undertaken;
d. a strategy document for the implementation of region wide standards and labeling programme be prepared, which should include the following:

    i. identification and prioritization of equipments and appliances to be labeled in the regional programme;
    ii. identification of appliance and equipment supplies to the region,
    iii. proposal of a process mechanism and network to develop test standards to be used in the region as an accepted test protocol to be used for the selected equipments and appliances,
    iv. propose and / or customize a region wide labelling logo;
    v. identify testing lab capabilities in the COMESA region;
    vi. facilitate the designation of testing laboratories in the region;
    vii. develop energy efficiency standards and Labelling (EES&L) programme for few selected appliances and equipments;
    viii. prepare a focused programme to the national standards institutes, to the wider target population and to equipment and appliances suppliers to promote energy standards and labeling programme; and
    ix. establish a system of monitoring and verification and a mechanism to involve national relevant institutes in the programme monitoring and verification process.

71. The meeting underscored the need for preparation of a separate sphere of legal framework for energy efficiency and conservation in order to guide COMESA countries. In this regard, the meeting requested Mr. Moges prepares a draft guideline for consideration by RAERESA

72. Concept Note on Energy Efficiency Standards and Labelling Programme Proposal for COMESA Region is attached as Annex IV to this report.

Recommendations

73. ***The meeting recommended that:***

- ***a. this concept note on energy efficiency standards and labelling programme be adopted;***
- ***b. as separate sphere of regulation for energy efficiency and conservation measures needs political legitimacy, a policy paper (road map) on COMESA wide standards and labeling programme be prepared to be considered by the COMESA Energy Ministers for approval;***
- ***c. a COMESA wide survey on: policy, legal, institutional framework, supply and demand market for appliances and equipments as related to standards and labeling, assessment of appliances and equipments for the supply and demand markets and local manufacturing capability be undertaken;***
- ***d. a strategy document for the implementation of region wide standards and labeling programme be prepared, which should include the following:***
  - ***i. identification and prioritization of equipments and appliances to be labeled in the regional programme;***
  - ***ii. identification of appliance and equipment supplies to the region;***
  - ***iii. proposal of a process mechanism and network to develop test standards to be used in the region as an accepted test protocol to be used for the selected equipments and appliances,***
  - ***iv. propose and / or customize a region wide labeling logo;***
  - ***v. identify testing lab capabilities in the COMESA region;***
  - ***vi. facilitate the designation of testing laboratories in the region;***
  - ***vii. develop energy efficiency standards and Labelling (EES&L) program for few selected appliances and equipments;***
  - ***viii. prepare a focused programme to the national standards institutes, to the wider target population and to equipment and appliances suppliers to promote energy standards and labeling programme ; and***
  - ***ix. establish a system of Monitoring and Verification and a mechanism to involve national relevant institutes in the program monitoring and verification process; and***
- ***e. Guideline on the preparation of a separate sphere of legal framework for energy efficiency and conservation be prepared in order to guide COMESA countries.***

F. CONSIDERATION OF THE PAPER ON CONTRIBUTIONS FROM MEMBER COUNTRIES – AGENDA ITEM 6

74. The meeting recalled the resolution which was made by the Fifth Annual General Meeting (AGM) held in Lusaka, Zambia in October 2014 that the Secretariat should prepare a well-documented paper on contributions from member countries.

75. In this regard, the meeting was informed that the COMESA Secretariat, which is the interim Secretariat of RAERESA, presented to the Executive Committee meeting held in 17th November 2015, in Cairo, Egypt, a paper on contributions from Member countries, based on the resolution and principle that Members of RAERESA should contribute financially as well as in kind.

76. The paper indicates that the main principle of a formula of contributions include conceptual coherence, equity and fairness, transparency and flexibility**.**

77. The paper also indicates that there are two distinct methodologies to arrive at a formula of contributions. They are the continuous and the discrete approaches and each one has its advantages and disadvantages.

78. The paper explains that the COMESA formula of contributions is based on the continuous approach using a five-year moving average of the following latest economic statistics.

a. Gross Domestic Product- 30%;
b. Imports from Non COMESA Countries-30%;
c. Intra COMESA Exports-30%;
d. GNP per Capita-5%; and
e. Population –5%.

79. In order to ensure a fair and equitable assessment of all Member States, the paper explains that an upper ceiling of 12% and a floor limit of 1% were incorporated in the formula.

80. The paper also explains that the economic parameters used in the current COMESA formula are intended to reflect the following:

a. the economic strength and ability to pay of the Member States - GDP and GNP per capita;
b. Benefits accruing to Member States- Intra COMESA Exports;
c. Market size represented by Population;
d. Deterrent of "imports from non-COMESA countries"; and
e. Fairness and Equity- represented by upper and lower ceilings

81. In addition to the continuous approach, the paper indicates that the current formula of contribution is based on the principle of proportional assessments. Under this principle, the contributions of Member States are proportional to their respective ability to pay as measured by the economic indicators, Gross Domestic Products, Population and Per Capita Income.

82. Moreover, the paper shows that minimum and maximum ceilings are imposed so that no Member State is required to pay less than one percent or more than twelve per cent of the total budget. These ceilings ensure a fair and equitable treatment to all Member States and reinforce the essence of community and mutual beneficial participation.

83. The meeting was advised that though this formula was used by the COMESA Secretariat, it would not be advisable for RAERESA to use it now. It could use it when all the Regulators of COMESA have joined the Organization.

84. In this regard, the meeting noted that the paper proposed that the contributions of RAERESA be divided equally among all the members.

85. The meeting noted that the paper should be expanded to include other options such as transitional arrangements, the proposed structure of the Secretariat, reference to strategic plans and work programmes, etc and with figures relating to corresponding budgets. In this regard, the meeting requested that the Secretariat to beef up the paper, along the lines agreed on by the meeting. The meeting further requested that the revised paper be considered by an extra ordinary meeting of the Executive Committee of RAERESA within 2016..

86. The meeting took note of the experience of the Association of Regulators for Information and Communications for Eastern and Southern Africa (ARICEA), Regional Electricity Regulators Association of Southern Africa (RERA) and Djibouti Corridor on the establishment of a dedicated Secretariat including contributions from Member counties. Moreover, some countries also shared their experience on meeting their obligations towards contributing to the budgets of the respective organizations to which they belong. It is expected that this discussion could assist the Secretariat to come up with well documented paper on contributions by member countries to RAERESA's budget.

Decisions

87. ***The meeting decided that:***

- ***a. the paper be expanded to include other options such as transitional arrangements, the proposed structure of the Secretariat, reference to strategic plans and work programmes, etc and with figures relating to corresponding budgets;***
- ***b. the Secretariat should therefore beef up the paper, along the lines indicted above; and***
- ***c. the revised paper should be considered by an extra ordinary meeting of the Executive Committee of RAERESA* within 2016.**

G. APPLICATIONS FOR THE MEMBERSHIP OF THE RAERESA - AGENDA ITEM 7

88. The meeting recalled the decision of the 3rd Meeting of Ministers of Infrastructure responsible for Transport, Information Communications Technology (ICT) and Energy held in Djibouti City, Djibouti on 28th October 2009 that Energy Regulators that had not yet joined RAERESA be urged to join.

89. The meeting also recalled the invitation of the 3rd AGM of RAERESA which was held in Lusaka, Zambia on 18 - 19 September 2012, to observers to change their status and join RAERESA.membership. The meeting further noted that they all indicated enthusiasm for joining in the very near future.

90. In this regard, the meeting noted that the Secretariat had officially invited the observers to join RAERESA as per the Decision of the 3rd Meeting of Ministers of Infrastructure responsible for Transport, ICT and Energy.

91. In response to Ministers' decision on the matter and the invitation that was sent by the Secretariat, the meeting was informed that Seychelles and Zimbabwe had formally communicated the decision of Seychelles Energy Commission (SEC) of the Republic of Seychelles and Zimbabwe Energy Regulatory Authority (ZERA) of the Republic of Zimbabwe to be full members of the RAERESA.

92. Based on the above, the meeting agreed to approve the full membership requests of Seychelles Energy Commission (SEC) of the Republic of Seychelles and Zimbabwe Energy Regulatory Authority (ZERA) of the Republic of Zimbabwe to RAERESA, as membership is open to energy regulatory bodies in each Member State within COMESA region.

93. The meeting requested SEC and ZERA representatives to reconfirm their desire to become full members of RAERESA which they did.

94. Based on the above, the Meeting Chairman called for objections if any for the admission of Seychelles and Zimbabwe as full members of RAERESA and no objection was raised. The meeting, therefore, agreed unanimously that Seychelles Energy Commission (SEC) of the Republic of Seychelles and Zimbabwe Energy Regulatory Authority (ZERA) of the Republic of Zimbabwe respectively become full members of RAERESA.

95. The Meeting further requested Seychelles and Zimbabwe soon nominate theirs respective officials to the Portfolio Committees of RAERESA.

Decision:

96. ***The Meeting approved the full membership requests* of Seychelles Energy *Commission (SEC) of the Republic of Seychelles and Zimbabwe Energy Regulatory Authority (ZERA) of the Republic of Zimbabwe to RAERESA.***

H. ANY OTHER BUSINESS - AGENDA ITEM 8

97. Under any other business, countries were requested to bring to the attention of the meeting any issues for further consideration. In this regard, some counties took the opportunity and shared their experience and updated the meeting on their energy projects and programmes. The meeting also noted that some countries were in the process of establishing their regulators and that some countries had already established some units to regulate the energy sector and to facilitate the liberalization process of the energy sector.

98. The meeting also noted that the RAERESA work programme should be reviewed in order to include new developments and that the updated work programme should be considered by an extra ordinary meeting of the Executive Committee of RAERESA within 2016.

99. The meeting also asked the Secretariat to present the implementation status of the RAERESA's work programme in future Executive Committee meetings.

100. A courtesy visit was paid to the Electric Utility and Consumer Protection Regulatory Agency of the Arab Republic of Egypt (EgytEra) premises, in order to present RAERESA's vote of thanks. In this regard, a vote of thanks was moved by Mr. Getahun Moges, Director General, Energy Regulatory Authority, Federal Democratic Republic of Ethiopia. On behalf of all

delegates, he thanked EgytEra for the hosting RAERESA meetings in 2016 and for the excellent logistical arrangements.

101. He thanked the Government and People of Arab Republic of Egypt for the warm welcome extended to the delegates since their arrival in Cairo. This visit was also considered to be peer review for EgytEra.

Decisions

102. ***The meeting decided that:***

a. ***RAERESA work programme should be reviewed in order to include new developments and that the updated work programme should be considered by an extra ordinary meeting of the Executive Committee of RAERESA within 2016;***
b. ***the Secretariat to present the status of the implementation of the RAERESA's work programme in future Executive Committee meetings; and***
c. ***the 7th Annual General meeting of RAERESA be held in Addis Ababa, Ethiopia in 2016.***

I ADOPTION OF THE REPORT AND CLOSURE OF THE MEETING - AGENDA ITEM 9

Adoption of the Report

103. The meeting adopted the report with the amendments.

Closing of the Meeting

104. In closing the meeting, the Chairperson thanked the delegates for the active participation in the proceedings that had enabled the meeting to successfully adopt its report and he wished them safe journeys back to their respective homes. Moreover, the Director of Infrastructure and Logistics at the COMESA Secretariat also thanked the delegates for the active participation in the proceedings. He also wished them safe journeys back to their respective homes.

ANNEX V

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