



UCT TRAINING REPORT

MANAGING POWER SECTOR REFORM AND REGULATION SHORT COURSE UNIVERSITY OF CAPE TOWN 08 - 12 OCTOBER 2018

A. INTRODUCTION

The Project on Enhancement of a Sustainable Regional Energy Market in Eastern Africa, Southern Africa, and Indian Ocean Region (ESREM) and with funding from the 11th European Development Fund facilitated the participation of 4 members of staff from regulatory bodies in the region in the Training Course on Managing Power Sector Reform and Regulation offered by the Graduate School of Business at the University of Cape Town in South Africa between 08 - 12 October 2018.. The training course was selected after review of its content which aligned well with identified gaps from self-commissioned studies by some national/regional regulators and RRAs in the region. The training course was offered in Cape Town, South Africa to sponsored participants of national regulatory bodies from Botswana, Rwanda, and Tanzania.

The training was designed to enable participants to provide necessary knowledge and skills to their respective institutions so that they can drive the process of regional regulatory and policy harmonisation, as well as the development of the regional energy market.

B. OVERVIEW OF THE UCT TRAINING

Introduction

The Graduate School of Business at the University of Cape Town is recognised by its global peers at the Eduniversal World Convention and in the QS Global 200 survey as a top business school in Africa. It is a member of and accredited by AABS, which promotes excellence in management education in Africa through collaboration, capacity building and quality improvement.

Teaching, learning and research at the GSB is directed towards building a more economically prosperous, more equitable, and more integrated continent. The School seeks to transform innovative ideas into relevant solutions for emerging market problems and to generate top-notch teaching materials to help others to do the same. The school is constantly investing in quality scholarships and strong partnerships to support these aims.

Structure of the Training

The Managing Power Sector Reform and Regulation short course at the GSB seeks to give managers and leaders working in the energy sector the ability to contribute to the reform of the power sector and deliver sustainable, affordable services to everyone, while still accelerating economic growth.

The course is focused on Africa's needs and exposes participants to the frontiers of international experience and to best practice in managing these changes and the new regulatory environment effectively. The course has a strong emphasis on economic regulation.

The course which was offered over a one week period in a classroom setting at the GSB in Cape Town is beneficial for board members, managers and senior professionals in regulatory authorities and other relevant bodies working in the electricity sector.

C. OBJECTIVES

The main objective of this training course was to strengthen the capacities of regulatory authorities so that they can continue playing their role in developing a stable, predictable, transparent and harmonised energy regulatory environment, and bolstering good governance in the regional power sector in order to improve the investment climate and develop an efficient as well as sustainable energy market.

D. DISCUSSIONS AND TRAINING ACTIVITIES

The programme was held at the Graduate Business School of the University of Cape Town in South Africa. The training highlighted in detail several principles of regulation and elaborated various approaches of determination of Cost of Service of regulated utilities as well as techniques involved in tariff design.

The focus of the training was on Africa's needs in electricity power sector with targeted learning from international experience shared, including new research on the "electric power system of the Future". Country case studies were presented, and the fundamentals and practices of economic regulation of electric utilities were introduced. Furthermore, the participants had time for exercises and group discussions on different challenging topics of electricity power sector in Africa. Some of the major topics that were presented are highlighted below:

CONTEXT OF REGULATORY REFORM EXPERIENCE

- a) African challenges and trend in power sector performance reform and regulation;
- b) Power market models and International history of power sector reform;
- c) The performance of power utilities in Africa

ECONOMIC REGULATION FUNDAMENTALS

- a) The rationale for regulation and regulatory objectives
- b) Economic and financial sustainability of utilities;
- c) Traditional cost of service regulation;
- d) Incentive based regulation, RPI-X approach.

ECONOMIC REGULATION APPLICATIONS

- a) Transmission investment, access and pricing;
- b) Designing efficient tariff structures
- c) Pro-poor regulation for promoting access and affordability

PREPARING FOR THE FUTURE

- a) Power systems of the future: implications of variable renewable and distributed energy;
- b) A policy and regulatory toolkit for the future power system
- c) Renewable energy support systems and auctions
- d) Regulating quality of electricity supply

INVESTMENT & POLITICAL-ECONOMY

- a) Accelerating private investment in independent power producers
- b) Political-economy of power sector and regulation reform

E. RECOMMENDATIONS BASED ON THE EVALUATION OF THE TRAINING

Regulation of power sector is relatively new in the African environment. There is a big gap between policy makers/politicians and technocrats that are required to implement such policies. Knowledge to bridge the gap is required, particularly on regulatory matters. Thus, it is high time different strategies are engaged to ameliorate the knowledge gap in the African continent.

On the global stage, the energy sector worldwide is facing new and complex challenges. The old model of state-owned, vertically integrated utilities is giving way to hybrid models with increased private sector participation and competition. New regulatory regimes are being put in place and reformed utilities need to deliver expanded and affordable services for the poor, while supporting economic growth. Emerging Renewable energy technologies are on the rise and new reform and regulatory models need to be explored to accelerate investment and to manage power systems effectively.

The training provided by MIR was therefore timely and very relevant to participants. It is recommended that such training be extended to as many regulators as possible. This will help to transfer knowledge on the same and would increase the performance of such regulatory bodies when dealing with regulatory decisions, which are complex by nature and politically sensitive.

While budget constraints for such trainings could be a limiting factor, the need for the trainings calls for coordinated efforts to overcome this. COMESA and other regional institutions including national governments should look for other possibilities to sourcing required funds to enable many regulators to attend such trainings.

F. FOLLOW-UP ACTION

The participants will share and discuss the content of the training courses with their colleagues in their respective institutions so as to capitalize on the benefits of the UCT training course and enhance wider learning

G. CONCLUSION

The training was sufficiently helpful and covered all the points in energy regulation sector. As relatively new regulators, the organizations whose participants were sponsored by COMESA in this training were provided the opportunity to meet with a variety of people of different experiences in both energy and energy regulations sector. This was very beneficial.

ANNEX 1: TRAINING PROGRAM FOR THE VISIT

Date	Activity	Remarks
8 - 12 October 2018	<ul style="list-style-type: none">• Training at the Graduate School of the University of Cape Town, South Africa	Completed

ANNEX 2: SPONSORED TRAINING PARTICIPANTS

Participants from the Regional Electricity Regulators Association of Southern Africa (RERA)

1. Mr. Gift Bakumbi – Engineering Manager – Petroleum, Botswana Energy Regulatory Authority (BERA)
2. Mr. Batsumi Rankokwane – Commercial Manager – Petroleum, Botswana Energy Regulatory Authority (BERA)

Participants from the Energy Regulators Association of East Africa (AREEM/EREA)

3. Mr. Msafiri Mtepa – Manager Financial Analysis and Modeling, Energy and Water Regulatory Authority (EWURA), Tanzania
4. Jimmy Christian MUNYEMANZI – Rwanda Utilities Regulatory Authority (RURA)