



## **Regulatory Issues for the Year 2017**

### **ECB Presentation to the AMEU/AEDU AGM**

by  
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# Presentation Outline

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- ECB in brief
- Primary regulatory focus for 2017
  - ✓ Efficiency and QoSS Standards
  - ✓ Key performance Indices for Gx, Tx & Dx.
  - ✓ Security of Supply
  - ✓ Infrastructure maintenance
  - ✓ Licensee Compliance
  - ✓ Service delivery to end users
  - ✓ Main regulatory areas into the future
- Industry update
- Conclusion

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# ECB Vision, Mission and Values

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## ***ECB Vision***

*“To be a leading Regulator for achieving optimum viability and competition in the Namibian energy industry, whilst upholding the principles of fairness, integrity and transparency.”*

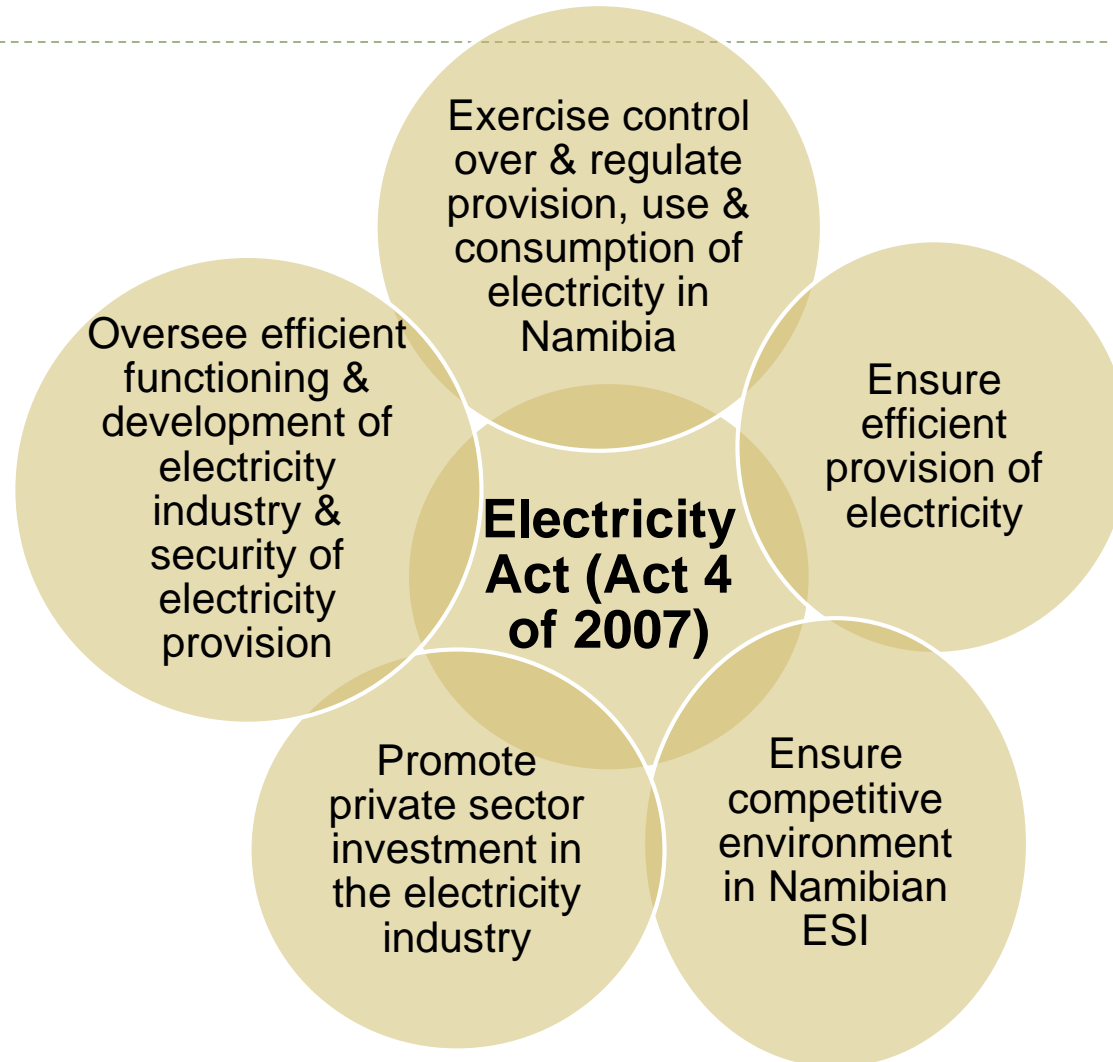
## ***ECB Mission***

*“To exercise control over and regulate the Namibian Energy Industry in a sustainable manner, in the interest of all stakeholders with regard to price, quality, reliability, viability and safety.”*

## ***ECB Values***

*Professionalism, Accountability, Innovation & Sustainability*

# ECB Mandate



- In accordance with prevailing Government policy

# Core Regulatory Areas

**Economic Regulation**  
Tariff setting

**Technical Regulation**  
Standard setting &  
audits/inspections

**Licensing**  
Issue, transfer, cancel  
licences

**Oversight and approval**  
of major GX, TX & DX  
infrastructure projects

**Create level playing**  
field for industry  
participants, utilities,  
IPPs & other investors

**Mediation between**  
licensees and their  
customers/prospective  
customers

# Regulatory Principles

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**Independence**

**Transparency**

**Predictability**

**Consumer /  
Customer  
Protection**

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# Primary regulatory focus for 2017

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- **Industry Performance Improvement**
  - Efficiency and QoSS Standards
  - Security of Supply
  - Industry Reforms
  - Infrastructure Maintenance
  - Licensee Compliance
  - Service delivery to end users

# Efficiency and QoSS Standards (1/2)



- ▶ Industry embraced QoSS Standards Implementation
- ▶ Useful successes and challenges experienced
- ▶ Objective now is to improve on QoSS Reporting
- ▶ Eventual aim is implementing systems incorporating practical KPI's for the Industry
- ▶ Visual network audits gained momentum for past 2 years.
- ▶ For value addition, current audits to be complemented by performance audits
- ▶ Starting point is development of fundamental performance indices covering Gx, Tx, and Dx e.g
  - ▶ System Average Interruption Duration Index (SAIDI)
  - ▶ System Average Interruption Frequency Index (SAIFI)

# Quality of Supply and Service (2/2)

- **Quality of Service standards reporting important**
- **All licensees to set up proper reporting systems**
- **Reporting to be done for the guaranteed standards**
  - **Quotation time**
  - **Time to provide supply**
  - **Frequency of meter readings**
  - **Bill completion and delivery time**
  - **Supply restoration times after planned and forced outages**
  - **Number and duration of interruptions**
  - **Time to resolve customer complaints, Queries, Enquiries, Claims etc**
- **All licensees to develop and display customer charters**

## Security of Supply (1/2)

- Namibia unfortunately remains net importer of electricity
- Licensees expected to compliment:
  - GRN and ECB efforts towards security of supply
- Licensees urged to approach IPP deals in a:
  - Structured manner,
  - Accommodating Namibia's future energy needs (NIRP)

# Security of Supply (2/2)



- Intervention Projects
  - NIRP (2016-2035) Review and update – completed
  - Demand Side Management & Energy Efficiency – NEI is assisting with implementation
  - IPP Policy development – in progress
  - RE Policy development - finalized
  - REFIT Program
    - Rules finalised
    - Interim REFIT in Progress – COD reached by several IPP's
  - Review of White Paper on Energy Policy –in progress

# Industry Reforms

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- Market model / Industry structure
  - Electricity Bill provisions (Part II) includes:
    - Electricity market structure
    - National Electricity Policy
    - Power purchase agreements
    - Independent system and market operator
    - New generation capacity
    - ECB conversion to energy regulation
- EDI restructuring
  - No better alternative to REDs available
  - Finalisation imperative

# Infrastructure Maintenance

- Infrastructure maintenance very important
- Developed maintenance guidelines in line with international best practices
  - Submitted for promulgation
- Dilapidated & obsolete infrastructure = inconvenience
  - Affects
    - Namibian economy
    - National developmental aspirations
    - Socio-economic transformation
- Submission of ORM to ECB important
  - Non-compliance will attract a penalty

# Licensee Compliance

- Comprehensive audit manual developed
- ECB conducts regular compliance audits
  - Non-compliance issues communicated with licensees
- Licensees expected to:
  - Comply with regulatory compliance directives
  - Inform ECB on reasons for non-compliance
- Regulatory enforcement to be intensified
  - Non-compliance to be linked to:
    - Tariff application
    - Performance Management Framework
- ECB to strictly enforce penalties

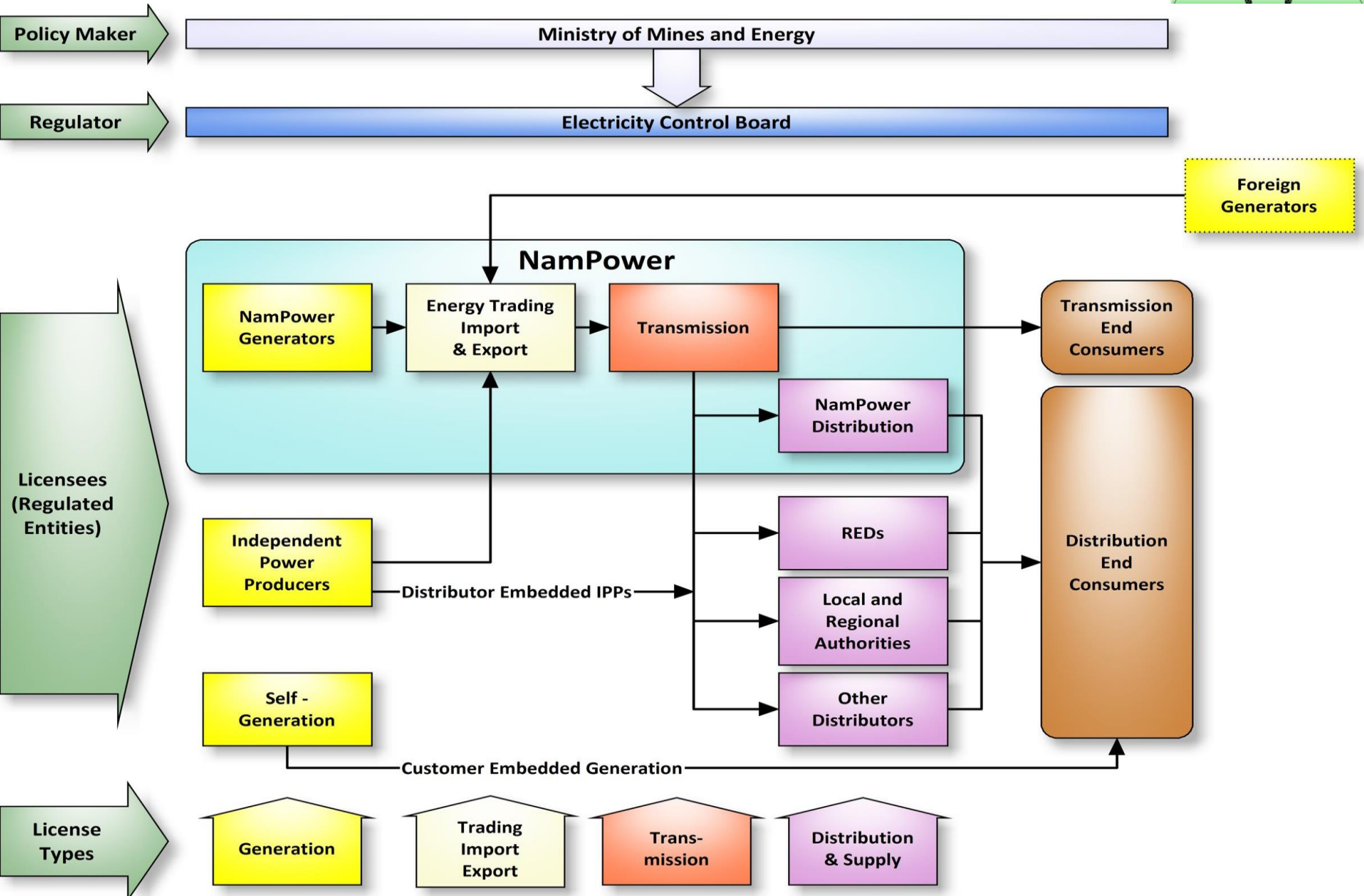


# Service delivery to end users

- ECB Consumer Charter clear on service delivery
- Poor service delivery, counter productive
- Damage to properties and perishables
  - leads to unhappiness
    - can lead to social unrest
- Proactive approach in absence of Consumer Commission
- Licensees must also prepare for prosumers
  - growing trend around the world
  - Producer + consumer at the same time
  - Special needs + considerations
- Continued public education/awareness campaigns

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# Namibia Power Sector



# Industry Update (1/2)

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- EDI restructuring ongoing
  - Southern RED establishment roadmap in place
  
- NIRP Development
  - NIRP review and update completed and endorsed by the Minister
  - NIRP (2016-2035) endorsed by the CCTED for approval to Cabinet
  
- Interim ReFIT Program
  - commenced with 27 IPPs who tendered for 70MW
  - Several of the approved 14 IPP's reaching COD
  - ReFIT Rules finalized

## Industry Update (2/2)

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- 37MW solar PV tender awarded by NP to winning bidder
  - Winner already applying for a Gx licence
- Economic and Technical Rules promulgated
- Net Metering
  - ✓ Embraced across Namibia,
  - ✓ Rules promulgated

# Main regulatory areas into the future

- Regulation tools development and application
- Compliance Monitoring and Enforcement
- Complaints handling and resolution
- Intensified audits and inspections
- Stakeholder engagement
- Market scanning for new technology and practice
  - E.g Smart Metering
- Capacity building both industry and internal
- Project management and implementation
- Preparations for energy regulation
- Quality Service provision
  - internally and externally

# Conclusion

- Healthy Regulator-Licensee relations are important & necessary
  - ✓ For sustaining industry stability & growth
  - ✓ For sending right messages to investors
  - ✓ For facilitating/addressing challenges of security of supply and information asymmetry
  
- Proactive and innovative regulation of the industry is paramount
  
  
- Licensee support is vital for the industry success

**THANK YOU**

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