

FIRST ANNUAL REGULATORY CONFERENCE

For the Global Regulatory Network

MALAWI UPDATES AND ISSUES

By

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MALAWI


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Key Events and Activities in 2002 through June 2003


1. On going commercialization process of ESCOM Ltd in line with the Privatization policy and the liberalization of the electricity supply industry in Malawi under the Electricity Act of 1998.


 The establishment of three business entities or units in generation, transmission and distribution.

 The procurement of consultancy services for ESCOM Tariff study.


 The procurement of consultancy services for ESCOM Asset Revaluation study.


 The development and cabinet approval of the electricity sector policy statement

 The purchasing and commissioning of high voltage inter business unit metering equipment.

 The procurement of a two year management support contract

2. The approval by Malawi Cabinet of the Malawi Energy White paper in January 2003 defining the desired changes and intended reforms in the energy industry in Malawi.

 The drafting and finalization of the Energy Regulation Bill, The Electricity Bill, the Rural Electrification Bill and other energy sector Bills.

 The proposal to establish the Malawi Energy Regulatory Authority (MERA) to regulate the energy sector including Electricity.

3. The procurement of consultancy regulatory advisory services for the Electricity Council

Key Anticipated Issues and Activities for the Next Year

1. The finalization of ESCOM consultancy studies and the finalization of Electricity Council's Regulatory Advisory Services.
2. The adoption by Parliament of the Energy Regulation Bill, the Electricity Bill, the Rural Electrification Bill and other Energy Bills paving way for the establishment of MERA.
3. The loan finalization for and the initiation of the Malawi – Mozambique joint interconnection project scheduled for completion end 2004.
4. The tendering for transaction adviser for concessions of transmission and distribution segments for ESCOM Ltd.

Introduction of Competition and Related Issues: Status

1. The adoption of the anticipated Regulation Act and the eventual implementation of structural reforms in the electricity sector will pave way in the foreseeable future for competition in generation through competitive tender. However, Council will encourage third party access of those private companies who own significant generation capacity into the transmission grid to encourage competition.
2. The GOM has yet to establish the Competition Commission as mandated by the Competition and Fair Trading Act of 1998.