

FIRST ANNUAL REGULATORY CONFERENCE

For the Global Regulatory Network

NAMIBIA - UPDATES & ISSUES

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ELECTRICITY CONTROL BOARD

(ECB)

Namibia

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KEY EVENTS AND ACTIVITIES IN 2002 THROUGH JUNE 2003

- Assistance to Government and stakeholders with institutional reforms (market and distribution)
- Preparation of SB market rules and grid code
- Issue, renewal and amendment of licenses
- Marketing and public awareness regarding regulatory matters
- Drafting of national quality of service & supply standards
- Design and implementation of new national tariff system
- Assist the ESI (municipalities) with ring fencing process
- Assist smaller licensees to implement license conditions
- Assist with the drafting of technical & economic regulations
- Assist with amendment of Electricity Act
- Assist with creation of RERA

KEY ANTICIPATED ISSUES AND ACTIVITIES FOR THE NEXT YEAR

- Completion and promulgation of the Electricity Amendment Bill
- Completion and promulgation of the economic & technical regulations
- Implementation of national tariff study
- Creation of Single Buyer market structure
- Completion of grid code
- Creation of Northern Regional electricity distributors (REDs)
- Ring fencing and harmonization of tariffs at regional level
- Completion of study on national quality of supply & quality of service standards
- Study for transformation to wholesale market structure
- Creation of the ECB data base
- Preparation of the new medium term business plan

STATUS OF INTRODUCTION OF COMPETITION AND RELATED ISSUES (1)

- Vertically integrated monopoly (NamPower)
- High entrance barriers (cost of infrastructure)
- Conflict of interest regarding NamPower as generation, single buyer, supply and transmission licensee
- Absence of competition law (under promulgation)
- Commercialization, liberalization and privatization as a means for sector efficiency and competitiveness (energy policy goals)
- Difficult to regulate and ensure competition without ring fenced information and statistics
- Incentive regulation (interim) for generation and rate of return regulation for transmission and distribution to be effective from mid 2003

STATUS OF INTRODUCTION OF COMPETITION AND RELATED ISSUES (2)

- Single Buyer (SB) model in the medium term and retail competition in the long term
- Generators sell to SB & export via the transmission system
- All distributors & eligible large users buy from SB
- Large users can choose between SB and local distributor
- SB to be housed in NamPower - ringfenced and “independent”
- Transparent third party access monitored by ECB
- Establishment of Regional Electricity Distributors (RED's)
- Four RED's identified : Northern, Coastal, Central & Southern REDs
- Each RED unique in terms of geographical area, customer base, and network characteristic