

ETHIOPIAN ENERGY AUTHORITY

National Off-Grid Electrification Forum: Mini- Grid Action:

REGULATORY FRAMEWORK – PERSPECTIVES ON MINI-GRID

12 Feb 2020

Addis Ababa, Ethiopia




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Content of presentation

- ▶ Why framework?
 - ▶ Why regulation? And What is regulated?
 - ▶ Ongoing and under development activities
 - ▶ Opportunities and Challenges
 - ▶ Concluding Remark
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Why Framework?

- ▶ To ease entry and exit in mini-grid development involvement both for the government and the private sector participants
 - ▶ To establish transparent and trustful engagement in the development endeavor effort
 - ▶ To ascertain investment return and operational undertaking in orderly manner
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Why Regulation? And What Is Regulated?

- ▶ Why regulation?

To establish a Win– Win– Win platform for developers, government and end users

- ▶ What is regulated?

- Revenue collected
- Services delivered
- Tariff rate
- Legal and/or Standards compliance

Ongoing and under development activities

ONGOING:

- Growth and Transformation Plan II (GTP II) and National Electrification Program provides clear impetus for off-grid electrification.
 - Mini-Grid development
 - Standalone Solar home systems
 - Support through MST to private developers

Main Implementing Agencies in the off-grid space

Sector	Implementing Agency and Intermediaries
Public	MoWIE, EEU, Regional Energy Bureau's, Cooperatives
Private	Private sector enterprises, Micro finance institutions, other financial intermediaries

UNDER DEVELOPMENT REGULATORY FRAMEWORK

- **TARIFF GUIDELINES AND METHODOLOGY FOR OFF-GRID SYSTEMS**
- **DIRECTIVE FOR THE ISSUANCE OF LICENSES FOR OFF- GRID ELECTRICITY SUPPLY**
- **QUALITY OF SERVICE STANDARDS FOR OFF-GRID SUPPLY**

DESIGN STANDARD FOR RURAL ELECTRIFICATION

Opportunities and Challenges

Opportunities

The Business model

- Services type
 - Ownership type
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Type	Business model
Services	Pay per use
	Pay as you go/PAYGO
	User cooperative
Ownership /PPP/	BOO/ Built Own Operate
	BOOT/ Built Own Operate and Transfer/
	BOT/ Built Own Transfer
	Design Build, Finance Operate and Manage

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▶ Policy –

- Energy Policy,
- Off-grid strategy,
- PPP policy,
- GTP II
- NEP and NEP2.0


Legal Framework

- Investment proclamation
- Investment regulation
- Energy Proclamation and its amendment
- Energy Regulation
- PPP proclamation


Institutional Framework

- MoWIE
- DOE/ Directorate of Electrification/
- MoF– PPP –General Directorate
- EEA– The national regulator
- Regional Energy Bureau's


Challenges

- ▶ Upfront Capital
 - ▶ Lack of the local private sector know how on how to make business in the sector
 - ▶ Fear of encroachment by the grid expansion and the consequence thereof
 - ▶ Lack of clear Federal – Regional mandate alignment and designated accountability
 - ▶ Line institutions staffing and capacity short fall to handle matters of the private sector involvement in electrification endeavor.
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Concluding Remarks

- ▶ Though not free from challenge the private sector is given due opportunity to involve in mini-grid and solar home system development.
 - ▶ Regional -Federal sector institutions needs to be aligned and designated with distinct role to play.
 - ▶ Emphasis has to be given to adequately staff and capacitate implementing Agencies.
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- ▶ The local private sector developer needs to be capacitated on how to make business plan and updates on mini-grid technology installation too.
 - ▶ To excel in the private sector involvement apart from relying on permit holder private sector participants we need to inject a program for capacity building to train and engage young graduates in the form of micro and small enterprises– Employment Generation scheme.
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May we join our effort to excel in energy
access to the public at large !

Many thanks for your attention

