
International Strategy group
AFUR-CEER Concept Paper
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1 Preamble

1.1 Introduction and Background

Worldwide, all the countries are facing the common challenge of ensuring reliable, affordable and sustainable access to energy. Africa faces additional challenges to co-ordinate the development of energy resources and infrastructure to meet the needs of the African population. This work is instrumental in achieving NEPAD's¹ goals to eradicate poverty, promote sustainable growth and development and integrate Africa in the world economy.

Cooperation between the European Union (EU) and the African States on energy issues is a cornerstone of the Joint EU-Africa Strategy, launched in December 2007, emphasising that meeting these global challenges requires an enhanced level of cooperation beyond the regional level.

According to the terms of reference of the Africa-EU Partnership on Energy, "Africa and Europe will work together to develop a shared vision and common policy, answers, and to stimulate specific action that addresses the energy challenges of the 21st century. It aims at creating a momentum that will also mobilise increased financial, technical and human resources in support of Africa's energy development." In addition, it recognises the need to "make progress towards the strengthening of African energy institutions".

The EU-Africa Partnership is many-sided. However, no structure has been established to support enhanced cooperation between regulatory associations in the energy sector. As a result, the African Forum for Utility Regulators (AFUR) and the Council of European Energy Regulators (CEER) have agreed to initiate such a framework, taking also advantage of the opportunities offered by the International Energy Regulation Network (IERN), the worldwide web platform on energy regulation of which both associations are promoters and Steering Committee Members.

¹ New Partnership for Africa's Development

1.2 The particularities of and the reasons for the cooperation between AFUR and CEER

The African electricity sector is in a developmental phase, characterised by large differences between the regional economies of the continent and by vast differences in the distribution of primary energy resources, in the degree of infrastructure development and in the installed power generation capacity in the different regions of the continent.

In addition, the lack of predictability for private investors resulting from governance difficulties, while public investment capacity is limited, is a major obstacle to the new energy infrastructure development.

Even though the development of a single, EU energy market is a long process still underway, the electricity sector in the EU Member States is well-developed.

Therefore, it is clear that AFUR and CEER face quite different situations and that the European model can not be directly transferred to African countries. However, AFUR and CEER share the common responsibility to develop and contribute to the regulation of trans-national energy markets and promote regulatory mechanisms based on common rules. Moreover, both organisations are convinced that the promotion of a stable, transparent and harmonised regulatory framework among countries is the best way to enhance private investments in infrastructure and to improve market integration. In turn, market integration benefits both industry and consumers and sustains economic growth.

Thus, the purpose of the cooperation between AFUR and CEER is to enhance the dialogue on concrete regulatory issues with a view to supporting AFUR's activities towards the harmonisation of regulatory practices among African energy regulators.

The cooperation between AFUR and CEER will, therefore, contribute to fast-track the implementation of the Millennium Development Goals in the African energy sector and to the success of the EU-Africa Energy Partnership. Their common work will also play a very important role for the development of comprehensive responses to global energy challenges.

2 Objectives

The cooperation between AFUR and CEER will take the form of a bilateral Roundtable to exchange regulatory experience on issues of common interest and to focus on current issues of concern. Making use of lessons learnt and experience gained with the establishment of a common market for energy in Europe and the lessons from the development of regional electricity power pools in Africa and elsewhere, the Roundtable will examine how institutional arrangements, policies, technologies, financing and capacity bottlenecks in energy markets can be addressed to provide the context for an African common market and to arrive at a shared vision for the future.

Specifically, the Roundtable will have the following key objectives:

- Examine the similarities and differences between the challenges faced by AFUR and CEER members and the market development in Africa, with a view to identify possible regulatory interventions that would lead to the integration of African electricity markets;
- Identify capacity building priorities to improve regulatory, organisational and institutional knowledge of AFUR members.

The IERN web site could provide support to the Roundtable publishing documents and providing a Forum.

3 Expected outcomes

Informed by lessons learnt from concrete case studies and the energy challenges in the situation that prevails in Africa, the expected outcomes are:

- Increased recognition of the importance of an integrated and open energy market in order to increase access to clean and affordable energy and to promote productivity and competitiveness;
- Identification of possible regulatory measures to stimulate interest in infrastructure investment and to support energy market development in Africa;
- Facilitation of bilateral arrangements, with a view to enhancing the exchange of expert knowledge on concrete regulatory issues of concern.
- Developing the information of AFUR countries in the IERN.

4 Programme: “Development of a Common Market for Energy in Europe: what are the lessons for Africa?”

AFUR and CEER will have a bilateral Roundtable lasting half a working-day, prior to the 6th Conference and Annual General Meeting of AFUR that will be held in the Côte d’Ivoire on 21 April 2009. The theme of the Roundtable, focused on the electricity sector, will be: “Development of a Common Market for Energy in Europe: what are the lessons for Africa?”

SESSION 1: THE EUROPEAN COMMON ENERGY MARKET

Various aspects of the European energy market, including rationale, structure and functioning, will be presented by CEER experts to AFUR members. They will focus on:

- The European regulatory framework, its recent developments and the role of the regulators in Europe
- The challenges encountered by European energy regulators regarding the integration of energy markets, including a presentation on the electricity regional initiatives, which are considered as an essential step towards a single European energy market
- Training opportunities for European energy regulators: the Florence school of regulation

SESSION 2: STATE OF ENERGY SITUATION IN AFRICA

African energy regulators will present their specific challenges.

- Experience and difficulties encountered in electricity infrastructure regulation across Africa
- The progress achieved in the regional integration of African electricity markets

SESSION 3: COMMON ISSUES

The last session will be the opportunity to exchange views on possible solutions and to identify further work priorities. The following questions could be raised:

- Common challenges: What challenges and issues of concerns do AFUR and CEER share? How are AFUR and CEER facing these challenges?
- Regional integration: How would a regional market be effectively regulated? What harmonisation and common rules and standards are required? What kind of cooperation would be useful to foster electricity market integration?

- Training opportunities: What topics need to be addressed? Would it be preferable to use existing training programmes, such as the current e-learning training programme of the FSR, or to organise tailor-made training programmes addressing the critical issues faced by African regulators? Could the cooperation with other entities, such as the Institute of Infrastructure Services (IIS) of Zambia as well as with the Cape Town Graduate School of Business of South Africa be fostered?
- Energy trade: review current and potential Europe-Africa energy trade, keeping in mind the possible long-term goal of a transcontinental market integration

5 Support needed and costs

Each of the two sides must finance its participation in the Roundtable.