



“Regulatory Issues for 2019”

A presentation to the 10th AMEU/AEDU Conference

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13 March 2019

Outline

- ECB in brief
 - Primary regulatory focus for 2019
 - ✓ Licensee Regulatory Compliance
 - ✓ Auditing of Network Infrastructure Facilities
 - ✓ Implementation of Regulatory Tools
 - ✓ Facilitating formal Standards Development
 - ✓ Industry Restructuring
 - ✓ Regulatory Performance Benchmarking (ERI)
 - ✓ Regional IRP Peer Review Engagement
 - Modern day regulatory challenges...
 - Current Opportunities
 - Conclusion
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ECB In Brief

- **Vision, Mission, Values, Mandate, Core Regulatory Areas**

- **Regulatory Principles**
 - i. Independence*
 - ii. Transparency*
 - iii. Predictability*
 - iv. Consumer / Customer Protection*

Primary regulatory focus for 2019

Objective: Industry Performance Improvement

- ✓ Licensee Regulatory Compliance
- ✓ Auditing of Network Infrastructure Facilities
- ✓ Implementation of Regulatory Tools
- ✓ Facilitating formal Standards Development
- ✓ Industry Restructuring
- ✓ Regulatory Performance Benchmarking (ERI)
- ✓ Regional IRP Peer Review Engagement

Licensee Regulatory Compliance

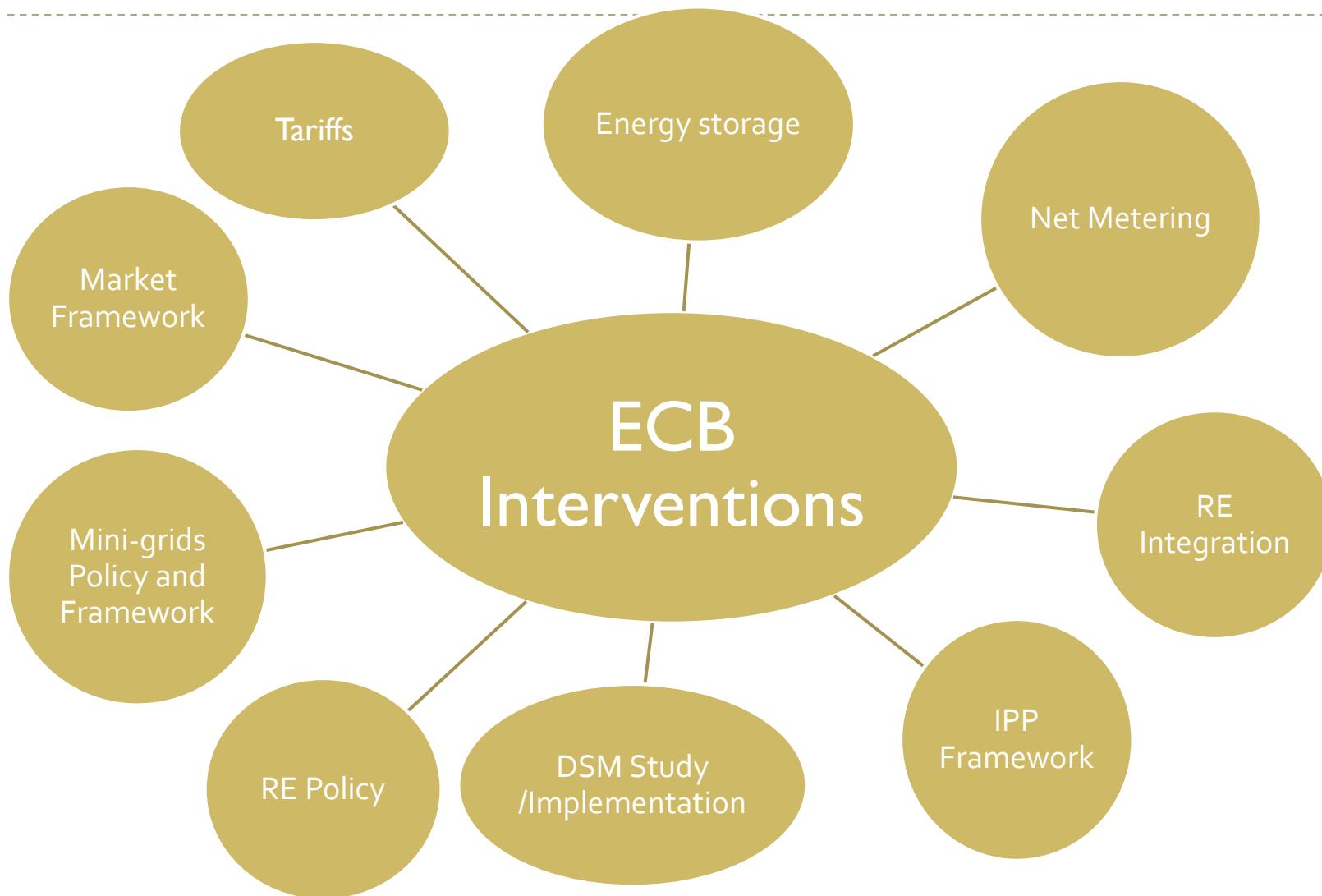
- a. Technical – Network Infrastructure operation and maintenance
- b. License Conditions
- c. Tariffs and Licensee sustainability
 - ▶ Enforcement through tariff reviews

Auditing of Network Infrastructure Facilities



- ▶ NamPower (Gx, Tx, Dx)
- ▶ REDs, OPE, LA, TC's VC's (Dx and Supply)

Implementation of Regulatory Tools



Facilitating formal Standards Development



- Strategy: engagement of NSI for Stds dev./adoption
- Current Status:
 - ✓ Dx Infrastructure Standards - submitted
 - ✓ LVEIW Standards – submitted
 - ✓ QoSSS- to be submitted after review (June 2019)

ESI Restructuring

- ▶ Market Structure modification : MSB M Model
- ▶ Governance: SORED Establishment

Regulatory Performance Benchmarking



- ▶ ECB rated among top two electricity regulators in Africa in 2018.
- ▶ As per ERI survey conducted by the African Development Bank

Regional IRP Peer Review Engagement



- ▶ ECB to participate in the IRP peer review engagement as part of SADC regional benchmarking
- ▶ Impact of peer review: gap identification and mitigation
- ▶ Capacity building for conducting future reviews inhouse.
- ▶ Outcomes to be shared with Industry stakeholders.

Modern day Regulation Challenges1

Utility Evolution

- ▶ The traditional utility as we know it is disappearing
 - ▶ The downward spiral is upon us
 - ▶ There is a need to reinvent ourselves in order to survive
- ▶ Departure from utility scale grids to distributed peer to peer energy systems which can provide faster and lower cost electricity access
 - ▶ Increase in cost of conventional electricity generation
- ▶ Migration from passive consumers to engaged prosumers
 - ▶ Net metering and embedded generation
- ▶ Single fuel projects to clusters (e.g.. renewable energy/gas/storage)
- ▶ New planning skills in the industry required
 - ▶ Focus shift from Central planning to local planning
 - ▶ Focus shift Capital-based to knowledge-based planning driven by technology and digitalization (the internet of things)

Modern day Regulation Challenges2



Market disruptors

The energy sector is impacted by disruption automatization, block-chain technology, open data application and artificial intelligence

- ▶ Renewable energy impacts
 - ▶ lower prices due to scalability,
 - ▶ substantial reduction in cost of renewable energy
- ▶ New power technologies and energy mixes
 - ▶ Hybrid systems, storage, solar home systems
- ▶ Different ways to consume electricity
 - ▶ Balancing between own generation and grid for own consumption

Modern day Regulation Challenges ...3

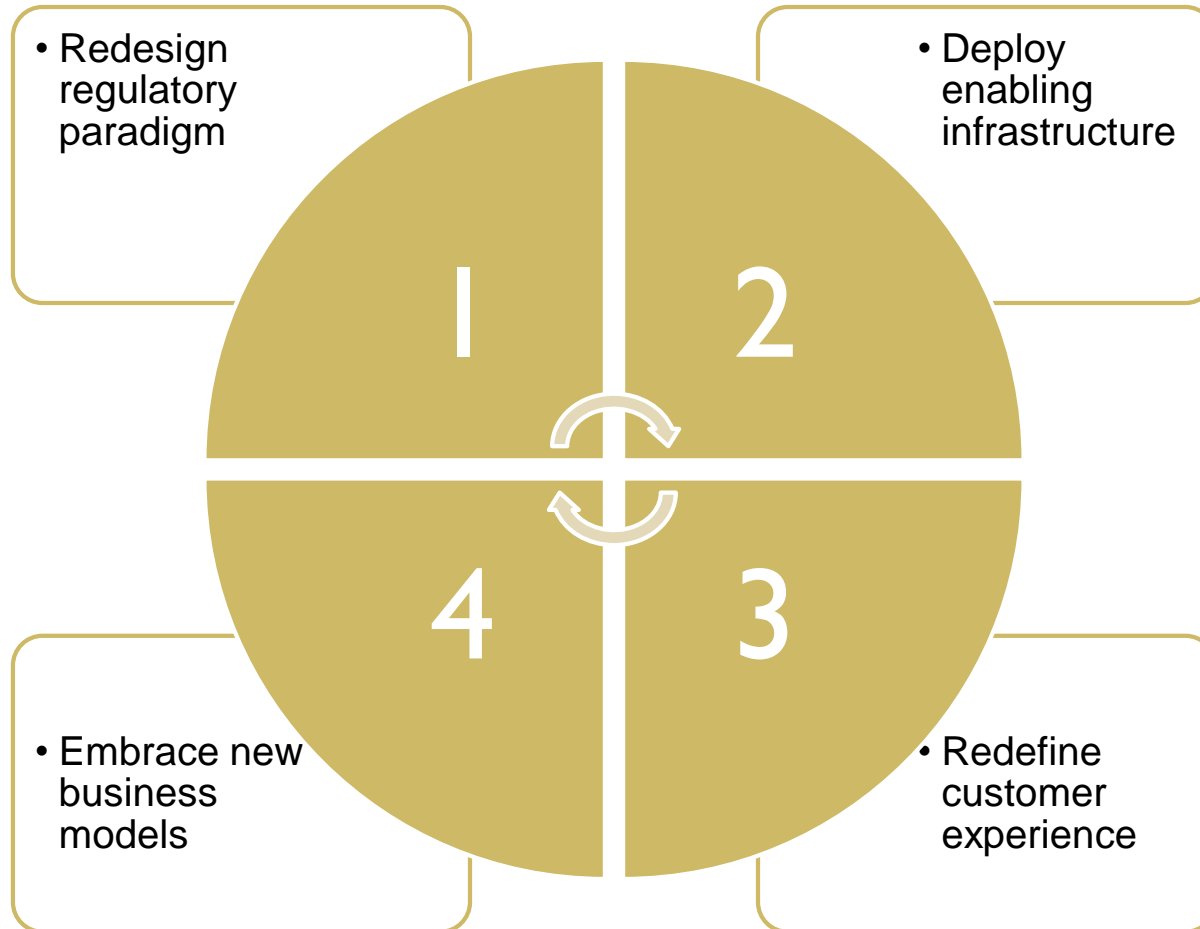
▶ Drivers of Disruption

- ▶ Decarbonization – drive to limit greenhouse gas emissions
- ▶ Increased contribution of renewable energy
- ▶ Digitalization
 - ▶ the digital utility of the future captures opportunities all along the value chain (distributed, data driven, customer interaction governed platform supported utility), smart grids
- ▶ Behind the meter energy generation and storage
- ▶ Decentralized models
 - ▶ higher reliability and lower cost generation through interconnections
- ▶ Energy efficiency
- ▶ Opportunities in off grid and minigrids/ home systems

Current Opportunities

- ▶ More flexible power solutions diversifying power generation mix
 - ▶ grid defection – market self-restructuring. Opportunity is change of traditional business model
- ▶ The rise of renewable energy
 - ▶ modular roll out and more flexibility
- ▶ Improving grid connectivity
 - ▶ very slow development
- ▶ Development of off-grid solutions
 - ▶ fast – track opportunities

Conclusion



THANK YOU

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