

Sharing regulatory knowledge through regional cooperation



Cyprian Nyakundi is the key contact person between ERC and the Energy Regulators Association of East Africa (EREA).

ERC is at the forefront in sharing lessons with regulatory agencies across East Africa through structures established by the Energy Regulators Association of East Africa (EREA).

EREA is a non-profit association of energy utility regulators in the East Africa region. In addition to ERC, members of EREA include the Energy and Water Utilities Regulatory Authority of Tanzania (EWURA), the Electricity Regulatory Authority of Uganda (ERA) and the Rwanda Utilities Regulatory Authority (RURA).

Burundi is yet to establish an energy regulatory body but participates in EREA as an associate member.

Among the objectives of EREA is, "facilitating the harmonization of regulators' policies, tariff structures and legislation in East Africa to standardize regulators' practices and procedures."

"We share everything we do at ERC with other members of EREA," says Cyprian Nyakundi, Financial Analyst and ERC's Liaison Officer to EREA.

Through EREA, Tanzania adopted the petroleum pricing formula used to regulate pump prices in Kenya and publishes a list of maximum pump prices each month. In the electricity subsector, Tanzania is adopting a tariff structure similar to that used in Kenya largely through the collaboration fostered by EREA.

Uganda has also benefited from Kenya's experience. "Uganda has been reviewing its electricity tariffs annually but they want to extend the review period to three years like Kenya," explains Cyprian.

Kenya's electricity billing structure includes levies to cushion power generators from fluctuations in fuel prices, inflation and exchange rates. "Partly due to EREA, Tanzania plans to adopt a similar pricing structure to improve the financial sustainability of its electricity utility," says Cyprian.

EREA consists of four organs: the General Assembly, the Executive Council, the Portfolio Committee and the Secretariat. General Assembly meetings are rotated among member countries. The Executive Council (EXCO) consists of Chief Executives of member organizations.

The Portfolio Committee comprises professionals in legal, technical and economic issues. The Portfolio Committee submits reports to the Executive Committee. For example, it is through the Portfolio Committee that EREA shares information about tariffs among its members.

Regionally, there have been discussions on an East African energy regulator but such a body would work through national regulators and with the East African Power Pool (EAPP).

Former REA boss visits ERC



Mr. Zachary Ayieko, former Chief Executive Officer of the Rural Electrification Authority (REA) and now Managing Director of Powerhive East Africa.

The former CEO of the Rural Electrification Authority, Zachary Ayieko, led a delegation to ERC on 21 August 2014 to discuss a solar microgrid pilot project in Kisii and Nyamira counties that is already supplying electricity to 300 households and small businesses.

This solar microgrid is operated by Powerhive East Africa Ltd where Mr. Ayieko is now Managing Director. During his visit to ERC, Mr. Ayieko was accompanied by two other Powerhive EA executives.

The company's electricity production and distribution system consists of solar panels, battery banks and service lines. The electricity is metered and households pay using mobile phone payment services. Powerhive's system is highly automated, does not require meter readers, and mobile phone top-ups take effect instantly.

Powerhive EA now wants to expand the network beyond its current status as a pilot project and fully commercialize it.

Mr. Ayieko explained that off-grid systems are necessary to supplement the work of Kenya Power and the Rural

Electrification Authority in meeting national electricity connectivity targets. "65% of Kenyan households are not connected to electricity. Each year, there are 220,000 new households," said Ayieko, "at the current pace, it will take 80 years to connect every household in Kenya."

Rik Wuts, one of Powerhive's founders, said the company had proved that solar microgrids are financially viable. "Our price per unit of electricity is higher compared to Kenya Power, but we do not have a standing charge, our connection fees are much lower, we connect within a short time and our electricity supply is very reliable," said Wuts.

ERC's Senior Manager for Power Systems Eng. Buge Wasioya encouraged Powerhive EA to apply for an electricity generation, distribution and supply permit to enable them engage in full-scale commercial operations.

Though current regulations contain some ambiguity on off-grid solar power networks, Eng. Wasioya said that ERC would process Powerhive EA's application using existing law.

ERC Senior Management at Leadership Seminar

Senior management took part in a leadership seminar titled *Creating a Leadership-Powered Organization*. The seminar was facilitated by Peak Performance International at the ERC boardroom in third floor.

Participants discussed how people accept or reject change and how to recognize the pitfalls that leaders inadvertently fall into.

"Leadership is the ability to inspire others to do what they would not ordinarily do," said Damaris Ndungwa, one of the facilitators from Peak Performance. People generally prefer to do things as they have always done them (status quo) and it takes leadership to create a desire for positive change.

The key to getting individuals to change lies in how messages are communicated. If change is associated with pain, then there will be resistance but when change is associated with potential benefits, the chances of acceptance become much higher.

"This transformational leadership session is a result of continuous research, in this case on issues facing our leaders in Kenya and Africa," said Damaris, "our core objective is to create awareness in leadership teams on matters that prevent them from achieving their visions."

Participatory approaches were used during the seminar, including discussions, debrief sessions and a mindset-challenging presentation.



ERC's role in cross-border electricity connectivity

The Eastern Africa region is endowed with significant hydro, geothermal, wind and solar energy generation potential. Sufficient interconnectivity and mechanisms for trading in electricity are required to allow for rational development as well as utilization.

The Eastern Africa Power Pool (EAPP) was established in February 2005 to build up a regional electricity market by enhancing the development and integration of national electric power systems.

EAPP countries are: Burundi, Democratic Republic of Congo (DRC), Egypt, Ethiopia, Kenya, Rwanda, Sudan, Tanzania, Libya and Uganda. The EAPP Permanent Secretariat is based in Addis Ababa, Ethiopia, and is led by an Executive Secretary who handles day to day affairs.

ERC participates in the EAPP as a member of the Independent Regulatory Board (IRB). The EAPP-IRB monitors and enforces the rules, arbitrates disputes and sets regulated tariffs for international transmission (if appropriate) in addition to other actions within its mandate. EAPP-IRB draws its membership from national regulators of which ERC is one.

ERC takes part in IRB board meetings where the Commission's Director General is a member.

ERC is involved in the Technical Working Groups (Sub-Committees),



220KV transmission line in Tsavo East, Kenya.

consisting of experts in various fields and occasionally formed to look into particular issues in detail before forwarding to IRB for approval and final adoption.

Since it was formed, the EAPP has been involved in various studies and capacity building activities to lay the basis for regional power system development and to create an enabling environment for efficient power trade in the Eastern Africa Region.

Several major interconnection projects in the region are expected to be commissioned between 2014 and

2017. The 400KV transmission line between Ethiopia and Kenya is a case in point.

Once interconnection is achieved, power exchange would be possible among nine utilities in the region. Such a scenario demands that participating utilities coordinate the development as well as operation of the interconnected system through a regional body, which ultimately leads to the development of a regional electricity market.

Written by Engineer Joseph Oketch, Senior Manager, Consumer Affairs



An EAPP delegation visits a substation in one of the member countries.

Social media for increased customer engagement

After a brief hiatus, ERC's Facebook and Twitter accounts are live once again ready to serve as tools for interacting with stakeholders and the public.

Social media is not only a great way for ERC to disseminate information to the public, but it gives the public a very accessible means of reaching us.

There are so many websites and tools referred to as 'social media'. It could be something as simple as Twitter and Whatsapp to a tool as complex as Youtube.

Any electronic means of interaction that enables people to create, share, and exchange information and ideas in virtual communities and networks can be classified as 'social media'.

ERC is using Facebook and Twitter because these two are the most popular social media platforms in Kenya.

What social media can do for ERC
Social media has provided our stakeholders with a widely accessible means of reaching the Commission to make inquiries, make complaints and to obtain information.

In addition, social media can be used to increase the exchange of information about the Commission and its work among stakeholders and the Kenyan public in general. This fits in with ERC Strategic Objective 4, *Proactively communicate and engage with consumers and sector stakeholders to achieve common understanding of objectives and aspirations.*

The social media accounts will be monitored and analyzed with a view to continuous improvement.

To participate in the conversations on social media, click 'Like' on the Facebook page, or follow ERC's Twitter account.

Condolences

The ERC community extends its condolences to Eng. Jonathan Ronoh for the loss of his sister on 1 August 2014. Eng. Rono is Information Technology Administrator at ERC.

Condolences also extend to Irene Chebiwott, Hospitality Assistant, who lost her mother in law on 21st August 2014.

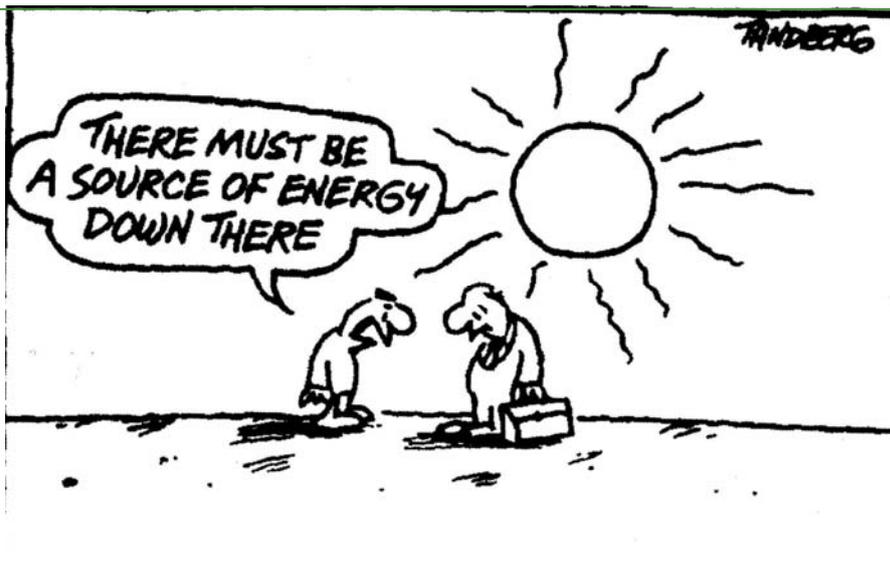
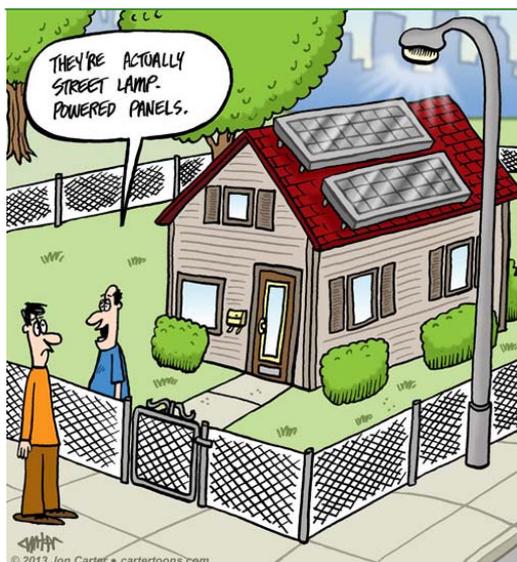
May the souls of the departed Rest in Peace.

Births

Congratulations to Pavel Oimeke, Director for Renewable Energy, on the newest member of his family. Baby Ryan Oimeke was born on Thursday, August 14, 2014.

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The Energy News is the internal newsletter for staff at the Energy Regulatory Commission of Kenya (ERC). Staff are encouraged to participate in the production of this newsletter by sending articles, photos and news tips. Contact the editors at ERC Communication and Public Affairs Department (CPA).

