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Secretariat Report

**Presentation at the 12th EXCO Meetings
Held at the Kibo Palace Hotel,
Arusha, Tanzania**

16th December 2016

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1 Introduction

This report presents the performance of the Energy Regulators Association for East Africa (EREA) activities in the last six months of the financial year 2016/17 since the last Executive Committee Meeting held on 19th May 2016 in Bujumbura, Burundi. It assesses, and updates the EXCO members on the bi-annual implementation progress of activities planned by EREA as per its Annual Budget and Work Plan for FY2016/17.

It covers administrative and financial matters of EREA pursuant to Article 4 of EREA Constitution and the resolutions of the 11th EXCO meeting held on 19th May 2016 in Bujumbura, Burundi.

In the first half of FY 2016/17, Secretariat performed activities as summarized in Section 2 and detailed in Error! Reference source not found.. Section 3 presents conclusion and way forward.

2 Activity Performance Summary May – Dec 2016

2.1 Administration Matters

a) EREA Office Equipment and Furniture

During the review period, the Secretariat requested and received the support of office equipment from the host, the Energy and Water Utilities Regulatory Authority (EWURA). As shown in tabulation below, the support received from EWURA is more than the planned quantities by the Secretariat for the year. The support relieves EREA with US\$ 2,511 which were budgeted for procurement of office equipment in FY2016/17. To further equip the EREA office, the Secretariat will procure 1-laptop computer Q3 of FY 2016/17 using budgeted fund.

Table 1: Office Equipment Support received from EWURA in 2016

Item	Planned Qty	Support Received	Budget 2016/17 US\$
Furniture and Fittings			
Executive Tables	1	2	463.00
Office Chairs for visitors	3	3	633.00
Bookshelf/File Cabinet	1	2	1,415.00
Total budgeted			2,511.00

As part of office chores, the Secretariat initiated works intended to streamline proper records management at the EREA Office. The record management exercise is work in progress, and will be rolled over to Q3 of FY2016/17. During the review period, the Secretariat initiated filing system, based on file series and key-word filing system at the Secretariat office.

The plan is to complete the file series and key-word during Q3 of FY 2016/17, and put in place the physical filing based on key-word at EREA office.

Secretariat with support from ICT experts in EWURA were editing of the back-end features of the EREA website to be able to upload such information, among other features. On 10th December 2016 the Secretariat paid US\$ 85 for the renewal of hosting the Association website account with a new due date of hosting by Jan 22, 2018.

In Q3 FY 2016/17, the Secretariat will follow-up with ERA of Uganda on the possibility to facilitate the planned training to the Secretariat on the use and update of the EREA Website through resource expert that developed it.

b) Human Resources to handle EREA matters

The EREA Secretariat has one staff to handle day to day activities of the Association. As one staff handling administration and programming activities of the Secretariat, this is posing a challenge in smooth execution of the Secretariat activity The Secretariat. The Secretariat recommends that an additional staff

may be required in future, particularly during the operationalization of the EREA Strategic Plan once in place.

c) Status of Annual Membership Subscription Fees -FY2016/17

To date, the Association has five members consisting of National Regulatory Institutions (NRI) of the five countries. The number is expected to increase in future given that, the Zanzibar Utilities Regulatory Authority (ZURA) was established as an autonomous multi-sectoral regulatory authority under Act No. 7/2013 of the Laws of Zanzibar. ZURA is responsible for technical and economic regulation of the electricity, petroleum, natural gas and water sectors in Zanzibar. The Secretariat intends to write a letter inviting ZURA to EREA, to start with as an observer. On the other hand, South Sudan officially joined the East African Community (EAC) on 15th April 2016. It is an opportune time for the Secretariat to introduce EREA to the Government of South Sudan as observer. For a longer term perspective, the LPC will prepare a proposal to amend the constitution of EREA with a view to accommodate more than one regulator from the same country.

The 11th EXCO meeting agreed that each NRI will contribute US\$ 20,000 as annual membership fees for FY2016/17. As of 15th December 2016, the Secretariat collected a total of US\$ 79,990.00, or about 80% of the annual subscription fees from member institutions as shown in Error! Reference source not found..

In Q3 of FY2016/17, the Secretariat will follow-up with the NRI that have not remitted its subscription fees for the year to ensure that it receive US\$ 20,000 or 20% of the outstanding fees by January, 2017.

d) EREA 2015/16 Accounts Audit

As of 15th December, 2016, M/s. BDO East Africa completed draft Audit of EREA Fund for FY 2015/16 in line with ongoing Audit works in EWURA. The Final Audited Accounts of EREA will be ready by end of December 2016. The same to be circulated to EXCO

members before it is tabled at the next EXCO meeting in May 2017. By the way, FY2016/17 is the last year M/s BDO East Africa is auditing EWURA. Sooner or later, the Controller and Auditor General will appoint another firm to audit EWURA for another four years. The Secretariat will let the EXCO know in advance who such External Auditor will be.

e) EREA Five – Year Strategic Plan (SP)

According to the work plan, the draft SP should have been ready by December 2016. This has not been achieved due to a delay in the procurement of the consultant.

At present, this activity is at the stage of procuring the consultant to draft the SP. The delay in the procurement of the consultant was occasioned by the longer turnaround of the procurement process than anticipated.

The procurement of the consultant has returned on responsive bidder with whom negotiation of the Combined Technical and financial bid is to commence on 19th December 2016.

Notable however is that the financial bid submitted by the preferred bidder is US\$ 19,000 compared to US\$ 12,000 provided in the budget. Much as a negotiation on the financial bid will be undertaken, it is likely that the amount provided in the budget will be inadequate to reach an acceptable settlement on the consultancy fee. Given the lapse of time on this activity, we request EXCO to allow the possible allocation of any additional funds to this activity in case the negotiated amount is higher than the approved budget. As at 15th November 2016, the available funds in EREA account is US\$170,497.77 compared to 2016/17 budget of US\$ 149,485.00.

f) Monthly and Quarterly Progress Reports

In the last six months, the Secretariat prepared and circulated to EXCO members three monthly and one quarterly progress reports. The Secretariat targets the periodic reports to be ready for circulation to EXCO members, at-most by the 10th day of the preceding month/quarter.

2.2 Meeting Coordination

a) Ordinary Meeting of EREA

The Secretariat convened the proceeding and first Portfolio Committees meetings and EXCO biannual meetings in Arusha, Tanzania instead of Nairobi, Kenya as earlier planned to review performance progress of EREA activities in the first half of FY 2016/17. It was very well attended by all NRI members. As per calendar of activities, the second bi-annual meeting is planned to be held in Tanzania on 16th May 2017.

b) Thematic Working Groups Meetings (TWG)

Pursuant to resolution 4(g), the 11th EXCO meeting directed the Secretariat to form cross-cutting Thematic Working Groups (TWG) to carry out activities that cut across the Portfolio Committees. Resolution 4(l) further directed the Secretariat to coordinate activities and meetings of the TWGs to ensure completion of such activities during the financial year 2016/17.

The Secretariat formed Two Thematic Working Groups (TWGs). The Electricity TWG1 and the Petroleum – TWG2 to deal with cross-cutting activities on Electricity and Petroleum in FY 2016/17. Membership in each TWG and the institution they represent is shown in Table 2. The Secretariat also prepared and issued the Terms of Reference and procedures to guide the TWGs.

Table 2: Member Composition of Thematic Working Group

Thematic Working Group (TWG)	TWG Member and Institution	Member Status
Electricity -TWG	Eng. Ziria Tibalwa - ERA	Chairperson
	Mr. Cyprian NYAKUNDI - ERC	Member
	Mr. Nemes V. MASSAWE - EWURA	Member
	Mr. Alexis MUTWARE - RURA	Member
	Mr. Didace NDIYARIYE - AREEM	Member
Petroleum - TWG	Mr. Timothee Rudaseswa - RURA	Member
	Mr. Ezra, TERER - ERC	Chairperson

	Mr. Willy NDAYISABA - AREEM	Member
	Mr. Edwin Kidiffu - EWURA	Member
	Mr. Harold, OBIGA - ERA	Member

During the review period, the Petroleum-TWG2 completed drafting of a Concept paper on “Harmonization of the regulation of the petroleum common user facilities”. The Electricity –TWG1 also completed review of the “Interconnection Codes and grid codes of the member states and that of the East Africa Power Pool (EAPP)”.

The two TWGs are working to finalise the draft position papers on the remaining cross-cutting issues for discussion at meetings of TWGs in Q3, FY2016/17 and reported during the next Portfolio Committees meetings in May 2017. The Secretariat will then cause meetings of the TWGs when it receives draft position papers from the Chairpersons of TWG as substantive agenda for discussion during the meetings.

In Q3-Q4 FY2016/17, the Secretariat will spearhead, and intensify efforts to closely follow-up on the works of TWG, and the Portfolio Committees to ensure the programmes of EREA for the financial year 2016/17 are timely completed.

In this respect, the strategy, in addition to follow-up through e-mails, the Secretariat will use a combination of reminder letters, telephone calls and even physical visits, where necessary to ensure TWGs and PCs execute the activities planned for FY 2016/17.

2.3 Partnership with Other Organizations

a) NARUC’s Uniform System of Accounts (USOA)

The Secretariat participated in two NARUC’s Partnership exchange programs held on 12th – 14th April 2016 in Dar es Salaam, Tanzania and the one held on 10th -12th August 2016 in Kigali, Rwanda. The August activity marked the last event

under EREA/NARUC partnership on the development USOA for the region. The Draft East Africa Regional Uniform System of Accounts and Data Collection Template were shared.

2.4 Implementation Progress of EREA Action Plan, FY 2016/17

The Secretariat spearheaded implementation of activities planned for FY2016/17 through the works of Portfolio Committees and TWGs. The meetings of the Portfolio Committees, and EXCO are platforms to execute the planned activities of EREA. The details of implementation of the approved Action Plan for 2016/17 is presented in **Annex F**.

3 Conclusion and Way forward

In the first six months of FY 2016/17, the Secretariat records progress made in the implementation of activities planned for the year.

The Secretariat is optimistic that the Portfolio Committees and TWGs will expedite outstanding activities planned for the year. This is so because given that member institutions have now streamlined activities of EREA in the respective NRIs activities planned for the year. The Portfolio Committees and TWGs are expected to convene additional meetings upon successful contract negotiation for implementation of the EREA 5-Year Strategic plan.

Moreover, the planned annual fees collection is also expected to meet target collect of 100% by Q3 of FY2016/17. The Secretariat encourages NRIs that have not yet remitted member fees to do so in Q3 of FY 2016/17.

In next Q3-Q4 FY2016/17, the Secretariat will continue to spearhead, and intensify efforts to closely follow-up on the works of TWG, and the Portfolio Committees to ensure programmes of EREA for the year are completed timely. The strategy to this effect, in addition to follow-up through e-mails, the Secretariat will use a combination of reminder letters, telephone calls and even

visits, where necessary to ensure TWGs and PCs execute the activities planned for FY 2016/17.

Table 3: Secretariat Activity Performance Matrix May– Dec 2016

Resolutions and/or Clause	Activity Description	Planned Activities in FY 2016/17	Performance during 1 st half of FY 2016/17	Remarks
	2.1 Administrative Matters			
	(a) EREA Office,			
	Office Equipment	<ul style="list-style-type: none"> • Purchase of 1- Executive Table, 3- Office Chairs and 1- file cabinet. • 1-Computer, 1-laptop, 1-princter cum scanner 	<ul style="list-style-type: none"> • Received from EWURA, 1-office room equipped with 2-office tables, 2-file cabinets, and 3-office chairs. • 1-old computer given. 	<ul style="list-style-type: none"> • The office is fully furnished and dedicated to EREA activities. • 1-laptop computer will be procured in 2nd half of FY 2016/17 using budgeted fund
	Record Management	Put proper record Management at EREA Office	<ul style="list-style-type: none"> • Initiated filing system, based on key-word filing arrangement • On 10th December 2016 the Secretariat also paid US\$ 85 for the renewal of hosting the Association website account with a new due date of hosting by Jan 22, 2018. 	<ul style="list-style-type: none"> • To be revised in the 2nd half of FY 2016/17 • Put physical filing based on key-word at EREA office

Resolutions and/or Clause	Activity Description	Planned Activities in FY 2016/17	Performance during 1 st half of FY 2016/17	Remarks
	(b) Human Resources to handle EREA matters	To conduct day-day activities of the association.	<ul style="list-style-type: none"> • With guidance of EXCO Chairman, Program Officer executed activities of the Association over the review period. • NRIs sent their annual subscription fees which enabled the Secretariat to perform its activities. 	<ul style="list-style-type: none"> • One additional staff may be required to support the Secretariat in future, particularly during the operationalization of the EREA Strategic Plan once in place. • To seek support from development Partners in financing consultancy works to procured by the Secretariat.
(Resolution 2(g))	(c) Annual Membership Subscription Fees -FY2016/17	Planned to collect US\$100,000. Each of five NRIs to contribute U\$20,000 in FY2016/17	<ul style="list-style-type: none"> • Collected from four NRIs, US\$79,990 or 80% of planned fees in FY 2016/17. 	<ul style="list-style-type: none"> • 20% outstanding subscription fees to be collected by January 2017.
(Resolution 3(e))	(d) EREA 2015/16 Accounts Audit	Carry Audit of EREA Fund for FY2015/16	<ul style="list-style-type: none"> • Ms. BDO East Africa completed draft Audit of EREA Fund for FY 2015/16. • The Secretariat submitted its comments to BDO on 	<ul style="list-style-type: none"> • Final Audited Accounts of EREA will be ready by end of December 2016. • Same to be circulated to EXCO members before it is tabled at

Resolutions and/or Clause	Activity Description	Planned Activities in FY 2016/17	Performance during 1 st half of FY 2016/17	Remarks
			the draft audit report for FY 2015/16	the EXCO and AG meeting in May 2017.
(Resolution 3(a))	(e) EREA Five – Year Strategic Plan (SP)	<p>Procure a consultant to assist the Secretariat in preparing EREA 5-Year Strategic Plan by September 2016.</p> <p>The following three actions were need before selection of a consultant for the SP:-</p> <ul style="list-style-type: none"> - Nomination of one experts by each NRIS, - commenting on draft Terms of Reference, and, - Identification of qualified reference consultant. The goal was to instil transparency and participation of all NRIs in the process. 	<ul style="list-style-type: none"> • On 15th June 2016, the Secretariat initiated with NRIs the necessary steps for this task. By 19th September 2016, all NRIs completed the three actions and forwarded them to the Secretariat. Invitation of expression of interest to the qualified consultants was sent out on 3rd October 2016. • On 24th October, 2016 EWURA Tender Board received only two submission out of five Consultants from Kenya and Tanzania. • On 23rd – 25th November, 2016, 	<ul style="list-style-type: none"> • The winning and preferred bidder will be invited in the week of 19th December 2016 for a contract negotiation to enable commencement of work early January 2017. • A fall-back position will be a re-advert of the SP consultancy in the event the contract negotiation is unsuccessful. • Final draft of the SP expected by latest end of March 2017. • Progress report on this activity will be given in Q2, FY 2016/17.

Resolutions and/or Clause	Activity Description	Planned Activities in FY 2016/17	Performance during 1 st half of FY 2016/17	Remarks
		.	<p>three SP experts from three NRIs of Kenya, Uganda and Tanzania completed Combined Technical and financial Evaluation of Proposals submission in Dar es Salaam Tanzania.</p> <ul style="list-style-type: none"> On 6th December 2016, the Tender Board approved for contract negotiation with the proposed Consultant. 	
(Resolution 4(e))	(f) Monthly and Quarterly Progress Reports	<ul style="list-style-type: none"> Secretariat to prepare 12 monthly progress reports, one each month of FY 2016/17 Secretariat to prepare 4 quarterly progress reports, one each quarter of FY 2016/17 	<ul style="list-style-type: none"> Three monthly progress reports were prepared for the period June – September 2016. One quarterly progress report prepared for Q1 in FY 2016/17 	<ul style="list-style-type: none"> Monthly progress report can be dropped due to current low activities of the Association on monthly basis. Q2 progress report to be completed end of December 2016.

Resolutions and/or Clause	Activity Description	Planned Activities in FY 2016/17	Performance during 1 st half of FY 2016/17	Remarks
(Resolutions 4(g), 5(c))	2.2 Meeting Coordination			
(Resolutions 4(g), 5(c))	(a) Ordinary Meeting of EREA	<ul style="list-style-type: none"> At least 1- AGA, and 2-EXCO; and 3-PCs meetings during FY 2016/17. 	<ul style="list-style-type: none"> Convened 1-PC, and 1-EXCO meetings in Arusha, Tanzania. 	<ul style="list-style-type: none"> Additional meetings of PC, TWGs, EXCO and AGA will be convened as when there is enough business to transact.
(Resolutions 4(g), 4(L), 5(c))	(b) Thematic Working Groups Meetings (TWG)	<ul style="list-style-type: none"> At least 2-TWGs meetings in FY2016/17 	<ul style="list-style-type: none"> NO Meetings of TWG were convened during the review period. The Petroleum-TWG2 completed drafting of a Concept paper on "Harmonization of the regulation of the petroleum common user facilities" and presented to TPC for noting. The Electricity –TWG1 also completed review of the "Interconnection 	<ul style="list-style-type: none"> Meetings of TWGs will be convened as when Chairmen of TWGs submit positions papers for discussion at the meetings in Q3-Q4, FY 2016/17. Discussion of TWGs work is part of Agenda in the PCs meeting.

Resolutions and/or Clause	Activity Description	Planned Activities in FY 2016/17	Performance during 1 st half of FY 2016/17	Remarks
			Codes and grid codes of the member states and that of the East Africa Power Pool (EAPP)".	
(Directive 4(h))	2.3 Partnership with Other Organizations			
	(a) NARUC's Uniform System of Accounts (USOA)	Participate in NARUC's Activities under the USOA Partnership Program	<ul style="list-style-type: none"> • On 10-12 August 2016 Secretariat attended the 6th NARUC Exchange partnership on USOA Kigali, Rwanda. • On 11th November 2016 NARUC shared the Draft East Africa Regional Uniform System of Accounts and Data Collection Template. 	<ul style="list-style-type: none"> • The August activity marked the last event under the USOA project. • Proposes to establish a dialogue early on with NARUC with a view of assisting EREA to take the role as custodian of USOA for EAC Region • Secretariat to put a proposal to USAID, Burundi on the possibility to support AREEM on the USOA tool.

Resolutions and/or Clause	Activity Description	Planned Activities in FY 2016/17	Performance during 1 st half of FY 2016/17	Remarks
	(b) Meetings of the Regional Electricity Regulators Association (RERA)		<ul style="list-style-type: none"> • Secretariat participated in a series of RERA meetings were held on 12 – 23 September 2016 in EWURA offices. • Noted a concept paper to be developed by RERA which will address the pros and cons of dual membership, highlighting impacts on the operations and financial performances of RERA. 	<ul style="list-style-type: none"> • EXCO members are advised to take note of the the aforementioned concept paper as it may come-up with recommendations and strategies, among others leading to crowding-out similar regional groupings like EREA and others.
(Resolutions 3(a); Resolution 3(d))	2.4 Implementation Progress of EREA Action Plan, FY 2016/17	Continuous Monitoring of Implementation of EREA action Plan for FY 2016/17	<ul style="list-style-type: none"> • Spearheaded implementation progress of activities planned for FY2016/17. • Chairmen of the PCs were requested to submit overall status of activity 	<ul style="list-style-type: none"> • Secretariat to continue spearheading, and intensify efforts to closely follow-up on the works of TWG, and the PCs to ensure programmes of the Association planned for the year are

Resolutions and/or Clause	Activity Description	Planned Activities in FY 2016/17	Performance during 1 st half of FY 2016/17	Remarks
			implementations.	completed timely.

Submitted by
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16th December 2016