



REPUBLIC OF ZAMBIA

**MINISTRY OF ENERGY AND WATER
DEVELOPMENT**

**RECORD OF THE ENERGY SECTOR ADVISORY GROUP
(ESAG) MEETING HELD ON 6TH DECEMBER 2007 AT
MULUNGUSHI INTERNATIONAL CONFERENCE CENTRE IN
LUSAKA**

**DEPARTMENT OF PLANNING AND INFORMATION
DECEMBER 2007**

1.0 List of Members Present for Energy Sector Advisory Group Meeting

1. Mr. Oscar S. Kalumiana	Ministry of Energy and Water Development
2. Mr. Ben Chundu	Ministry of Energy and Water Development
3. Mr. Henrik Riby	Swedish Embassy
4. Mr. Malila Chisanga	Swedish Embassy
5. Mr. Marcus Wishart	World Bank
6. Mrs. Peggy L Chiwele	Private Consultant
7. Mrs. Shupi K Mwene	Ministry of Commerce (PSD)
8. Mr. Kayula Siame	Ministry of Commerce (PSD)
9. Ms. Viola Mtamila	Ministry of Energy and Water Development
10. Mrs. Petronella L. Miti	Ministry of Energy and Water Development
11. Ms. Chishimba Nkoloma	Ministry of Energy and Water Development
12. Mr. Geoffrey E.P. Mwanza	Ministry of Agriculture and Cooperatives
13. Mr. Malama Chileshe	Ministry of Energy and Water Development
14. Mr. Leonard Simukoko	TDAU-UNZA
15. Mrs. Beatrice Mukala	Ministry of Energy and Water Development
16. Ms. Claire Limbwambwa	Zesco
17. Ms. Jacky Musonda	REA
18. Mr. Stanley Lyalabi	REA
19. Mr. Geoffrey Musonda	UNIDO
20. Mr. Peter Chola	Ministry of Energy and Water Development
21. Mr. Joseph Kapika	Energy Regulation Board
22. Mr. Mwenya Bwalya	ERB
23. Mr. Kennedy Tembo	SADC-NSJ
24. Mr. Chitembo Simwanza	Zesco
25. Mr. Ngosa Mbolela	Ministry of Energy and Water Development
26. Mrs. Langiwe H. Chandi	Ministry of Energy and Water Development
27. Mr. Arnold Milner Simwaba	Ministry of Energy and Water Development
28. Mr. Saul Jere	Ministry of Energy and Water Development
29. Mr. Tyson Bruno Chisambo	Biofuels Association of Zambia
30. Ms. Ngula Mubonda	Probec - GTZ
31. Ms. Sandra Banda	ZENGO
32. Ms. Chisofu B. Mbula	Zambia Sugar PLC
33. Mr. John L. Chongo	Ministry of Science, Technology and Vocational Training
34. Mr. Mafayo Ziba	Ministry of Energy and Water Development
35. Mr. Lufunda Muzeya	Ministry of Energy and Water Development

2.0 Opening Remarks

The meeting started at 09:15 Hours and was chaired by the Acting Permanent Secretary, Ministry of Energy and Water Development (MEWD), Mr. Oscar Kalumiana.

In his opening remarks, the chairperson welcomed everyone to the meeting and expressed hope that the meeting would be fruitful; further he informed the meeting that the output of the ESAG meeting would feed into the report to be presented at the National Sector Advisory Group meeting to be held from 12th to 14 December 2007.

The meeting agreed that a presentation would be done on the adopted National Energy Policy and the National Energy Strategy immediately after matters arising.

He informed the meeting that the Energy Regulation Board had been conducting public hearings on the application to review tariffs made by ZESCO and what was being awaited was a decision by the ERB Board on whether to accept the tariff review application or not.

3.0 Adoption of Agenda

The agenda was adopted with minor amendments.

4.0 Consideration of Previous Minutes

4.1 Correction of Minutes

There were no corrections made.

4.2 Matters Arising

Page 4.

Legal and Institutional Framework Sub-Committee

The meeting observed that institutions which had been identified to be members of the Legal and Institutional Framework Sub-committee had not been written to formally invite them.

The meeting agreed that secretariat would write to these institutions inviting them formally before the next meeting.

Page 5

Fossil Fuel Sub-Committee

It was reported in the meeting that the Sub-Committee had not met and therefore, name of the sub-committee had not been considered.

Secretariat was tasked to follow up with Ministry of Mines and Minerals Development to ensure that the committee makes progress as issues they will deal with were critical.

Page 6

Renewable Energy and Biomass Sub Committee

It was reported in the meeting that the Ten Point Action Plan was included in the work plan for the sub-committee. However, the meeting observed that secretariat had not circulated the Ten Point Action Plan and the resolutions of the ZIBAC IV Meeting held in Livingstone.

Secretariat was tasked to circulate the Ten Point Action Plan and the resolutions of the ZIBAC IV meeting held in Livingstone to all ESAG members before the next meeting.

Page 8

The meeting was informed that the Newsletter could not be circulated to ESAG members by e-mail because the document was highly graphic. The meeting agreed that instead, hard copies would be circulated and as well as copies of the next edition.

5.0 BRIEF ON THE REVISED NATIONAL ENERGY POLICY

The meeting was informed that Cabinet had adopted the Revised National Energy Policy (2007), further, the document would be printed for circulation after incorporating comments for the National Energy Strategy meeting.

Further, the meeting was informed that Five Working Groups had been formed to work on the strategy.

The meeting expressed concern on why ESAG members had not been officially informed on the adoption of the Revised National Energy Policy and also on why they had not been invited to the meeting on the National Energy Strategy for 2007 – 2030; further members felt that the work which the working groups were doing would have been done by the ESAG sub-committees. **The meeting agreed that ESAG sub-committees would be incorporated into the working groups so that work would be harmonized.**

The meeting was also informed that funds were available from the Ministry of Energy and Water Development to facilitate the meetings for the Working Groups who would commence meetings beginning 16th December 2007. The Working Groups which were formed are as below:

- Wood fuel
- Biofuels
- Petroleum and Coal
- Renewable
- Electricity

The meeting agreed that Chairpersons of the ESAG sub-committees would work closely with consultants who had been assigned to the working groups.

6.0 PRESENTATION BY CO-OPERATING PARTNER (SIDA)

The meeting was informed that rural electrification was among the priority programmes for 2008 which co-operating partners would fund; however, there was an observation that though under the MTEF this was a priority programme, there was a mismatch with actual resources allocated in the National budget. Further, the meeting was informed that Co-operating Partners would develop an issue paper where major issues in the 2008 budget would be highlighted.

Under the Performance Assessment Framework (PAF); access has been included as an indicator in the energy sector, budget support to the sector will be included every year at 2% rate. Further, issues of efficiency of the utility would also be considered.

Electricity sub-committee was advised to get feedback on the status of negotiations on the increased access to electricity services project.

The meeting expressed concern on the lack of commitment by some sub-committees which had not met since the last meeting and doubted the relevance of the committees.

Secretariat was tasked to make follow ups with the sub-committees and see to it that meetings take place.

7.0 PRIVATE SECTOR DEVELOPMENT

The meeting raised concern on the progress being made by the PSD Working Group and questioned how the working group fitted into the ESAG; further the meeting emphasized on the need to use existing structures like the ESAG for co-ordination and harmonization to ensure that activities are implemented.

The meeting agreed that members of the PSD working group would be incorporated into the ESAG.

Secretariat was tasked to follow up on progress on the consultancies under the PSD.

8.0 PRESENTATION ON THE REMP

The meeting was informed that the overall goal of the REMP was to increase the rate of electrification in Zambia especially in rural areas where the rate of electrification currently was at 3%. Through the REMP, the electrification rate would increase from 3% to 50.9% in rural areas. The targeted areas for electrification are rural growth centres like clinics, schools and markets. Rural growth centres were clustered into project packages and based on the demand, supply of electricity would either be through transmission lines, solar home systems or mini-hydros. Further, it was reported that a total of US\$ 1,014,398,784 would be needed for the project to be successfully completed by 2030.

Emphasis was placed on the need to unpack the assumptions made in the REMP to make them more realistic and also to increase funding to the Rural Electrification Fund.

9.0 SUB-COMMITTEE REPORTS

9.1 Legal and Institutional Framework

The Committee felt that there was need to strengthen legislation in the energy sector. The final proposals and amendments have been circulated to some stakeholders. The committee expressed concern on what further value the Sub – Committee will add to the Energy Sector Advisory Group (ESAG) once the process of revising of legislation is concluded. The entire Electricity and ERB Acts were examined and the following recommendations were made:

- i. Strengthen the functions of the Boards
- ii. Comprehensive procedures for tariff reviews
- iii. Strengthen the procedures of hearings
- iv. Open access regime in line with the Grid Code

The meeting observed that in the new bill the ERB seemed to be taking on functions of other Legal entities. The committee also reported that ZESCO had submitted its comments on the Bill. Another concern raised was on the need for institutions that generate power of up to 250Kv to report to ERB on a monthly basis. The meeting felt that this was not realistic especially for private institutions.

The Bio-fuels Association of Zambia (BAZ) raised concern on the need to strengthen Bio-fuels regulation by developing Bio-fuels Standards. The meeting was informed that there was already a Bio-fuels Standards developed in line with the Statutory Instrument of 2005. However, following the approval of the National Energy Policy (2007), the draft Bio-Fuels Act would be refined further in a systematic manner and the development of the Energy Strategy Framework would take that into consideration.

The ERB was advised to look at the Forest Act since they were also involved in the regulation of charcoal. Further, the meeting observed that there was need to build institutional capacity at ERB because as things were, ERB was not doing enough with regard to enforcing the law on defaulting clients/OMCs.

The meeting agreed that the PSD would be incorporated into the Sub-Committee on Legal and Institutional Framework.

The meeting was also informed that the report on the review of the Acts in the energy sector produced by the Consultant would be submitted to the Sub-Committee.

In view of the repealing of the Petroleum Act, the Petroleum Sub-Committee was directed to advise when changes to the legislation should be done.

9.2 Biomass Sub-Committee

The Sub-Committee reported that there was need to conduct a survey to collect baseline data. The Ministry of Energy and Water Development agreed to facilitate such an exercise as soon as possible.

The Sub-Committee was advised to communicate their recommendations on the tariffs to ERB. The meeting was informed that the budget allocated for Mini-hydro was not enough.

The Sub-Committee was advised to incorporate Rural Electrification Authority (REA) and National Institute for Scientific and Industrial Research (NISIR) into the Sub-Committee. REA and NISIR were asked to nominate a representative.

9.3 Electricity Sub-Committee

The definition of “Access to Electricity” as interpreted by the United Nations (UN) was given. The Sub-Committee also reported that funds allocated for carrying out Feasibility Studies was not enough, however, these funds would be used to visit identified sites for development of hydro power. The meeting observed that was need for donors to develop flexible funding schemes for electricity projects as well as the need for Government to harmonise regulation of the electricity sub sector.

The meeting observed that the current power generation capacity was not enough due to economic growth in sectors such as mining; therefore, there was need to develop a database which would capture data on new investments in the electricity sub sector.

The meeting was informed that information on appropriate technologies for energy efficiency technology from Jamaica would be made available soon.

The Sub-Committee was tasked to include more detailed information in terms of figures in their proposals to Government for waiving tax on generation and transmission equipment.

10. Any Other Business

The meeting was informed that a workshop was conducted for Stakeholder’s and a Needs Assessment document was produced for the development for the Energy Sector Information System.

The meeting agreed that an agenda item should be included for the Ministry of Energy and Water Development to report on the progress made by the sector.

The deadline for the Sub-Committee to submit their 2008 workplans was set for 29th February, 2008. By 3rd March, 2008 the MEWD should have compiled a consolidated including reports from Zesco, OPPPI and REA.

11. Next Meeting

The date for the next meeting of the Energy Sector Advisory Group (ESAG) was set for 13th March, 2008.

The meeting was closed at 13:30 hours.