

Policy and Regulatory Options for Enhancing Rural Electrification within a Reforming Power Sector

GROUP 1 PRESENTATION

1. Identified power sector reforms

- Liberalization
- Privatisation
- Commercialization
- Unbundling
- Service Contracts

Cont....

- Legal Framework
- Regulations (Tariff Reforms)
- Public, Private Partnerships (PPPs)
- Rural Electrification
- Co-operatization
- Structural Adjustment Programmes
- Formation of Regulator

Rural Electrification

country situation

- Rural electrification has always been there if requested by potential consumers now focus changed to taking power closer to the people. Now the reforms here laid more emphasis on the rural population.
- It is carried out in areas that are not economically viable and a case study discussed was in Kenya where it is slowly being implemented. Kenya is faced by political interference in their attempt to implement this programme.

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- In Lesotho, it is difficult to differentiate rural and urban connectivity of electricity. They are contemplating on starting a rural electricity fund and therefore it is too early to say anything about it.

Impact of the Reforms

- These depend on the country in perspective depending on the stage of implementation of the reforms.

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- In Tanzania, the issue of rural energy was addressed. In this project, the government provides the main fund and so the government is appealing to donors to come to their aid on this.
- Already, private companies have set up some renewable energies such as wind pumps and hydros.

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- In Uganda, the network connection is quite small with about 250,000 people connected.
- They have reduced the standards for regulation in Uganda and they are seeing positive results of this.
- They define a rural area as 1 km away from the grid.
- Rural electrification accounts for 4% of national electrification.
- In Uganda they really do not know where to begin with the rural electrification programme.
- They also have tariff problems where the poor cannot afford the electricity. In some cases the poor pay more than the rich. The government cannot subsidise these rates.

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- In Malawi, they have a Masterplan for electrification which is to be implemented in 4-phases.
- Currently, they concentrate on electrifying the trading centres where at present 52 centres have been identified for electrification.
- These centres will be electrified based on demand and competition.
- The rural electrification programme is under the MoE and Natural Resource.
- The programme is responding positively but they have a problem where Members of Parliament want only their areas to be electrified.

Problems in Implementation of Rural Electrification

- Interference of influential people to sideline plans
- Inadequate funding
- Prioritization of projects; where to begin?
- Prohibitive connection charges
- Problems with solar panels systems due to shrewd suppliers who supply poor quality items.

Conclusion

Reforms have positive impacts on the rural communities, though more need to be done such as making it easier for the rural poor to access power.

2. Policy options to enhance Rural electrification

1. Legislate creation of master plan of rural electrification and making public this plan to prevent hijacking by politicians.
2. Open the generation and transmission plus distribution sector accompanied by institutional and legal frameworks. Countries are at various stages in this. Kenya still to implement privatization of distribution and sale of power.
3. Strict time lines to be set and followed and not just talk.

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4. To set clear targets of why doing rural electrification to spur economic activity of enhance what is already there.

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- Rural electrification should target economic activities then from here households follow. Don't focus on households at first.

Examples where policy options have worked

- In Uganda liberalization has taken place, privatization of generation centres. Have opened up for other players to come and start up their plants. Transmission remains a govt company but has been corporatized. Distribution has been given concessionary terms. It is still too early to judge to see the effects. Interest has been seen from possible players to distribute power.
- Tanzania – privatization is in process
- Namibia?

Cont...

- China; generation, transmission and distribution are integrated. Local communities empowered to electrify villages!!!!
- In all 3 East African countries, private companies are now generating power.
- Public/private collaborations can be implemented as successfully seen working in Tanzania and Uganda in generation.
- It is a fact that rural electrification is not economically viable initially hence the need for subsidy as a policy.

3. Proposed regulatory measures

Regulations need to recognize the low economic power of the rural masses. Hence need to be flexible in fee for licence and quality of service/supply. But minimum safety standards have to be maintained. This is being practised in Uganda.

The regulator needs to delegate some of these duties to agents near the communities to be able to judge each power situation on its own merit.