Policy and Regulatory Options for Enhancing Electrification through Private Investment

Moderator: *Dr. Kishore Baguant*

Rapporteur: *Mr. Dison Okumu*

Typing: *Samuel Mwakio*

Policy 1

- To encourage large investors and SMEs to invest privately or through PPP in electrification of the poor through:

  -Investment in large projects will free public money for other unfunded projects

  -Co-generation projects which maximize the use of indigenous energy resources

  -Merger of small projects that bring economies of scale

  -Co-operative arrangement

  Country Examples:

  Mauritius, Tanzania, South Africa, India

Policy 2

- To create enabling environment for private investment by providing

  -Legal framework

  -Institutional framework

  -Access to adequate and accurate information.

  -Security

<u>Examples of countries:-</u>

Senegal, Mauritius, South Africa, Uganda, Ghana

Policy 3

- To introduce incentives to investors (local & foreign) in form of;

  -Fiscal, legal (e.g. information status), infrastructural and other incentives

  Country examples:

  Kenya, Uganda, India, Mauritius

Policy 4

- To promote electrification of special areas (difficult rural) through;
  - -Smart Subsidies
  - -Ring fencing electrification funds
  - -Differential tariffs

  <u>Country Examples:</u>

Uganda, Chile, South Africa, India, Tanzania

Policy 5

- To provide perceived risk reduction/mitigation measures through;

  -Carrying out feasibility study

  -Limitation of liabilities

  Country Examples:

  Kenya

Regulatory Options

- **Option 1:** Multi-sectoral laws and Institutions e.g. Ghana
- **Option 2:** Single Sector laws and Institutions e.g. Zambia
- **Option 3:** Industry specific laws and Institutions e.g. Kenya, South Africa, Malawi, Uganda, Sudan, Ethiopia

Regulatory Measures

- Enforcement of regulations and empowerment e.g. to allow them cut-off defaulters and skills development
- One stop shop for licensing
- Creation of local dispute resolution mechanism

Innovative ways

- Provide model contracts\Agreements specifying minimum performing criteria ,penalties etc
- Employ alternative delivery mechanisms e.g. Electricity co-ops. community projects, local companies.
- Develop flexible, Technical and Environmental standards without compromising safety.
- SME Entrepreneurial and other relevant capacity building
- Pre-payment options
- Vending Electricity and sub-retailing
- Flat-Rate Tariffs e.g. India
- Bundle Electricity Supply and other commercial services for viability e.g. Kenya (micro-hydro)
- Explore alternative funding arrangements for non-conventional electrification
- Integrate gender issues in pro-poor electrification