



ADDRESS TO THE MEDIA BY THE CHAIRMAN OF THE ENERGY REGULATION BOARD OF ZAMBIA, DR. G. GEORGE CHABWERA, ON WEDNESDAY, 9TH JANUARY, 2013 AT ENERGY HOUSE, OFF ALICK NKHATA ROAD, LONG ACRES, LUSAKA

ERB Management, Members of the Press, Distinguished Ladies and Gentlemen. It gives me great pleasure to greet you at this my first press conference as Chairman of the new ERB in this New Year 2013. I wish you all a happy and prosperous New Year.

As you are aware, the Energy Regulation Board has had no Directors for well over a year. The Board was only appointed towards the end of 2012 and we were inaugurated on 27th November, 2012, soon after our appointment

During our inauguration, the Hon. Yamfwa Mukanga, M.P., and Minister of Mines, Energy and Water Development directed the Board to deal with Electricity Load Shedding and contaminated Petroleum Products that have found their way on the Zambian Petroleum Market.

As you know, Ladies and Gentlemen, His Excellency the President, Mr. Micheal Sata has declared Electricity Load Shedding a national crisis. True Load Shedding and wide spread power outages have increased consumer dissatisfaction. As a Board, we are convinced that Load Shedding can be ended.

Recently His Honour the vice President Dr Guy Scott, M.P. also challenged the Board to find ways to reduce the price of Petroleum Products in the country.

Ladies and Gentlemen, it is right that these issues be brought to the fore so that your Energy Regulation Board can take corrective measures.

The Energy Regulation Board is a quasi-judicial body that should act fairly in the interests of both consumers and providers of the goods and services in the Energy Sector.

The issues pointed out by our Leaders require to be dealt with. And I am aware that the Public is awaiting the Board to address these issues.

As you know, ZESCO Ltd has applied to the ERB for an adjustment in the tariff charged to consumers of Electric Power. And indeed, ERB has advertised that this matter will be considered when a Board is appointed. We are, Ladies and Gentlemen, that Board and soon we shall undertake country wide tours to receive views for and against the review of ZESCO tariffs. You may however wish to know that we have received some written submissions in this regard. My appeal to consumers, however is to remain prudent in the use of Electricity.

In recognition of the vital role Energy plays in the country's Socio-Economic Development, I wish to inform the nation through you, that the ERB will embark on a number of measures to meet the challenges in the Sector in a more proactive manner. These will include the following, among others:-

ACTIONS TO BE TAKEN

1. LOAD SHEDDING

Load Shedding is a way ZESCO Ltd has managed increased demand against limited supply of Electric Power.

The Board has established that the shortage is about 200 mega watts and we have recommended intervening in the market

and are awaiting Government's response. We are ready to end Load Shedding.

2. CONTAMINATED FUEL

Contaminated fuel is as a result of a number of factors including fraud, tax evasion and structural pricing differentials obtaining presently.

Ladies and Gentlemen of the media, your Board is concerned that the Government of the Republic of Zambia is losing large sums of money as a result of this state of affairs. Accordingly, your Board recommends marking Petroleum Products in order to arrest this scourge and improve exchanger collections from Petroleum.

3. PETROLEUM PRODUCTS PRICES

Distinguished Ladies and Gentlemen from the media, concerns have been raised regarding high Petroleum prices. In fact, it has been said our Petroleum prices are the highest in the region – I suppose this is SADC region.

Your Board is concerned about this state of affairs. Though, I am pleased with the number of vehicles on our roads. This is a good sign; a sign that there is a growing middle class!

However, there are a number of reasons that contribute to the high price of Petroleum Products including taxation, transportation, refining and mark up. Our refinery can not process pure crude oil and the pipeline's age leads to high product losses in transit.

But, the big input that is often ignored is the pricing structure. Current prices make retail consumers subsidize commercial/ industrial consumers. The favourable option in my view would be industrial/ commercial consumers subsidizing retail

consumers. In order to do this, the first step is to mark the product so that we can know which consumers take what product. Many countries in the SADC region are presently doing this and that is one of the reasons the prices are lower compared to ours.

4. THE ENERGY SECTOR

Ladies and Gentlemen, I have already referred to the key role the Sector occupies in the life of our economy and indeed, in our lives. This Board wishes for more Zambian involvement in the Sector.

It is noted that the Ministry of Mines, Energy and Water Development have instructed the Board to design Rural Petrol Stations. These are ready and we shall liaise with our colleagues at the Citizens Economic Empowerment Commission to market these opportunities in areas without Service Stations, especially the New District Centres and others. These are circumstances that require integrative thinking to develop our country.

We also plan to encourage many more of our people to go into this Sector including owning and running Petrol Stations and transporting Petroleum Products. In this regard, the Board is reviewing Licences issued and encouraging new applicants to submit the same.

5. ELECTRICITY GENERATION

While the present focus is to generate 2000 mega watts to meet current demand, our view is that we should target to produce up to 18000 mega watts in order to export surpluses and meet projected increased domestic demand from new Industries and Mines. Zambia has 43% of SADC water resources and this should be used to generate Electricity among other issues.

Accordingly, we invite Zambian Entrepreneurs and other Investors to invest in this Sector so that we can use our water resources to the maximum benefit of Zambia.

This Board is willing and ready to licence new entrants in the Sector as we have done for the coal plant in Southern Province and the heavy oil plant at Ndola in the Copperbelt Province.

6. COAL, SOLAR AND WIND POWER

There are also other opportunities in coal, solar and wind power which should be taken advantage of.

Ladies and gentlemen, this Board is ready and up to the task, so let the work now begin.

Thank you for your attention and God bless Zambia.

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