



**SPEECH BY RERA CHAIRMAN MR SILVESTER H HIBAJENE AT THE  
CLOSE OF THE 2<sup>ND</sup> INSTITUTE OF INFRASTRUCTURE SERVICES (IIS)  
COURSE ON UTILITY PRICE REVIEW: BUILDING PROFESSIONAL  
EXCELLENCE IN LUSAKA, ZAMBIA, 14 JULY 2006**

- 1.0 THE CHAIRMAN OF THE INSTITUTE OF INFRASTRUCTURE SERVICES (IIS), PROFESSOR JORRY MWENECHANYA, THE DISTINGUISHED TEAM OF SPEAKERS, AND ALL ESTEEMED COURSE PARTICIPANTS.
  
- 2.0 ON BEHALF OF THE REGIONAL ELECTRICITY REGULATORS ASSOCIATION OF SOUTHERN AFRICA (RERA), IT GIVES ME GREAT PLEASURE TO OFFICIATE AT THE CLOSE OF THIS COURSE THAT HAS BEEN RUNNING SINCE THE 10<sup>TH</sup> OF JULY 2006.
  
- 3.0 MR. CHAIRMAN, ALLOW ME TO TALK A LITTLE BIT ABOUT THE ORGANISATION I AM REPRESENTING TODAY. RERA IS AN ASSOCIATION OF ELECTRICITY REGULATORS IN THE SADC REGION WHO HAVE COME TOGETHER TO SHARE REGULATORY EXPERIENCES AND JOINTLY DEVELOP BEST PRACTICES IN REGULATION OF ELECTRICITY IN THE REGION. RERA WAS LAUNCHED IN SEPTEMBER 2002 IN WINDHOEK, NAMIBIA. AT THAT TIME, THERE WERE ONLY FOUR MEMBERS NAMELY THE NATIONAL ELECTRICITY REGULATOR (NER),

ELECTRICITY CONTROL BOARD (ECB), NATIONAL ELECTRICITY COUNCIL (NECO) AND THE ENERGY REGULATION BOARD (ERB).

4.0 SINCE THEN, RERA HAS GROWN AS SADC MEMBER STATES CREATE ELECTRICITY REGULATORS. WE HAVE NOW 6 MEMBERS WITH THE ADDITION OF THE ZIMBABWE ELECTRICITY REGULATORY AUTHORITY (ZERC) AND THE LESOTHO ELECTRICITY AUTHORITY (LEA). WE HAVE JUST RECEIVED AN APPLICATION FROM THE RECENTLY ESTABLISHED REGULATOR IN TANZANIA CALLED ELECTRICITY AND WATER UTILITIES REGULATORY AUTHORITY (EWURA).

5.0 ALTHOUGH RERA IS OFFICIALLY AN ASSOCIATION OF ELECTRICITY REGULATORS, IT IS HOWEVER, INTERESTING TO NOTE THE DYNAMISM IN REGULATION IN THE REGION, AS SOME OF THE MEMBERS OF RERA ARE MOVING TOWARDS A MULTI SECTOR REGULATORY MODEL. SOUTH AFRICA HAS DONE SO ALREADY AND MALAWI IS THE PROCESS OF TRANSFORMING THEIR REGULATOR INTO AN ENERGY REGULATOR.

6.0 COMING TO THIS COURSE, I AM PLEASED TO NOTE THAT THE MIX OF YOUR COURSE PARTICIPANTS NOT ONLY REFLECTS A

WIDE DIVERSITY IN THE COUNTRIES OF ORIGIN, BUT ALSO FAIRLY REPRESENTS A DIVERSITY OF INFRASTRUCTURE INDUSTRIES AND SECTORS REPRESENTED. I AM CONFIDENT THAT THIS WOULD HAVE FACILITATED A RICH EXCHANGE OF EXPERIENCES AND IDEAS IN THE APPLICATION OF THE KEY CONCEPTS AND PRINCIPLES PRESENTED BY THE TRAINERS. I HAVE NO DOUBT THAT THE CASE STUDIES YOU HAD ON WEDNESDAY AND THURSDAY WERE QUITE INTERESTING AND ENLIGHTENING.

- 7.0 MR. CHAIRMAN, LET ME MAKE A FEW OBSERVATIONS ON THE THEME OF YOUR COURSE; – ‘UTILITY PRICE REVIEW: BUILDING PROFESSIONAL EXCELLENCE’.
  
- 8.0 IN THE FIRST INSTANCE, ALLOW ME TO MOMENTARILY SWITCH HATS (FROM RERA TO ERB) AS I COMMENT ON THE IMPORTANCE OF THE PRICE REVIEW SKILLS THAT YOUR COURSE PARTICIPANTS HAVE RECEIVED THROUGH OUT THIS WEEK.
  
- 9.0 WE IN THE ENERGY REGULATION BOARD HAVE EMBARKED ON A PROJECT TO DEVELOP A MORE ROBUST TARIFF FRAMEWORK THAT SEEKS TO MAKE OUR TARIFF PROCESS MORE TRANSPARENT, EFFECTIVE AND EFFICIENT. ESSENTIALLY, WE ARE PREPARING TO MOVE TOWARDS AN

**INCENTIVE BASED MULTI YEAR PRICING MODEL** THAT PROVIDES MORE CERTAINTY TO ALL THE PARTIES AND INCREASES THE ERB'S REGULATORY CAPACITY THROUGH THE PRICE REVIEW PROCESS. I AM, THEREFORE, PLEASED THAT WE HAVE BOTH ZESCO AND ERB PARTICIPANTS ON THIS COURSE WHOM I WOULD LIKE TO CHALLENGE TO BE READY TO APPLY THE SKILLS ATTAINED FROM THIS COURSE IMMEDIATELY AS WE ARE CONCLUDING THE PROJECT IN A MONTH'S TIME .

10.0 FROM OUR PAST EXPERIENCES IN TARIFF REVIEWS FOR ELECTRICITY, THERE HAS BEEN A CRITICAL LACK OF VITAL INFORMATION AND A WELL STRUCTURED TARIFF SETTING FRAMEWORK. I WOULD LIKE TO BELIEVE THAT THIS COURSE HAS EMPHASISED THE NEED FOR RELEVANT AND CREDIBLE DATA AS WELL AS A SOLID CONCEPTUAL FRAMEWORK OR MODEL TO GUIDE THE PROCESS OF THE TARIFF REVIEW.

11.0 MR. CHAIRMAN, ECONOMISTS OFTEN REMIND US THAT PRICE IS AN IMPORTANT SIGNAL THAT DIRECTS THE ALLOCATION OF RESOURCES AMONG VARIOUS COMPETING NEEDS. IT IS, THEREFORE, CARDINAL THAT WE GET THE PRICE OF UTILITY OR INFRASTRUCTURE SERVICES RIGHT IN ORDER FOR US TO SEND THE APPROPRIATE SIGNAL TO INVESTORS AND CONSUMERS ALIKE. IT IS NO COINCIDENCE THAT COURSES

IN INFRASTRUCTURE REGULATION PLACE A HUGE EMPHASIS ON PRICE REVIEWS.

12.0 GIVEN FURTHER THAT MOST OF OUR COUNTRIES STILL REQUIRE SIGNIFICANT INVESTMENTS IN ENERGY, WATER AND TELECOMMUNICATIONS INFRASTRUCTURE IN ORDER FOR US TO MEET DESIRABLE BENCHMARKS OF HUMAN DEVELOPMENT, SUCH AS THE MILLENNIUM DEVELOPMENT GOALS (MDGS) AND OUR VARIOUS NATIONAL DEVELOPMENT PLANS, SKILLS IN EFFICIENT PRICE SETTING ARE VERY CARDINAL.

13.0 MR. CHAIRMAN, SPEAKING FROM A REGIONAL PERSPECTIVE, IT IS NOW COMMON KNOWLEDGE THAT THE SOUTHERN AFRICAN REGION IS PROJECTED TO HAVE A POWER DEFICIT FROM THE YEAR 2007. THE BIRTH PANGS OF THIS HAVE ALREADY STARTED. THIS GRIM REALITY BRINGS TO THE FORE THE NEED FOR URGENT MEASURES TO ENHANCE INVESTMENT IN NEW GENERATION AND TRANSMISSION INFRASTRUCTURE IN MOST OF OUR COUNTRIES. TO THIS EFFECT, BOTH THE SOUTHERN AFRICAN POWER POOL (SAPP) AND RERA ARE WORKING TOWARDS PROMOTING INVESTMENT IN POWER INFRASTRUCTURE IN THE REGION. ONE OF THE MAJOR CONCERNS OF INVESTORS, PARTICULARLY IN OUR REGION, IS OUR ABILITY TO

GUARANTEE EFFICIENT PRICES THAT WILL ENABLE THEM EARN A REASONABLE RETURN ON THEIR INVESTMENTS. THIS, MR. CHAIRMAN, IS ONE OF THE REASONS THAT WE IN RERA WOULD LIKE TO ASSOCIATE OURSELVES WITH COURSES SUCH AS THIS ONE AND SIMILAR ONES HOSTED IN THE REGION THAT ADVANCE THE MUCH NEEDED CAPACITY TO SUPPORT DEVELOPMENT IN OUR INDUSTRY AND THE REGIONAL ECONOMY AS A WHOLE.

14.0 RERA LIKE YOUR INSTITUTE SHARES THE VISION FOR EXCELLENCE IN THE EXECUTION OF OUR VARIOUS ROLES IN THE INFRASTRUCTURE SERVICES INDUSTRY. IT IS FOR THIS REASON THAT RERA THROUGH ITS PORTFOLIO COMMITTEE ON CAPACITY BUILDING AND WORKING WITH ITS VARIOUS CO-OPERATING PARTNERS SUCH AS NORAD IS PLAYING AN ACTIVE ROLE IN PROMOTING QUALITY TRAINING OF REGULATORY AND UTILITY STAFF IN THE REGION. RERA IS ALSO WORKING WITH INSTITUTIONS OF LEARNING SUCH AS UNIVERSITIES IN THE REGION, TO BUILD CAPACITY FOR RESEARCH AND COURSE DELIVERY IN INFRASTRUCTURE SERVICES AND REGULATION.

15.0 ONE OF THE MOST UNIQUE THINGS ABOUT THE INFRASTRUCTURE SERVICES INDUSTRY IS THAT THE SERVICES WE PROVIDE, FACILITATE OR REGULATE ARE IN

MOST CASES DEEMED TO BE CRUCIAL FOR HUMAN SURVIVAL AND SOCIO-ECONOMIC DEVELOPMENT. GIVEN THE HUGE RESPONSIBILITY THAT YOU AS UTILITY AND REGULATORY STAFF HAVE TOWARDS PROMOTING PUBLIC INTEREST, I URGE THAT EACH OF YOU LEAVES THIS COURSE WITH A PERSONAL SENSE OF RESPONSIBILITY AND ACCOUNTABILITY TO THE MILLIONS THAT LOOK UP TO YOUR SOUND JUDGMENT IN DETERMINING THEIR FATE, PARTICULARLY IN RELATION TO THE PRICE AT WHICH THEY WILL HAVE TO PAY FOR CONSUMPTION OF INFRASTRUCTURE SERVICES. I ,THEREFORE, URGE YOU ALL TO ENDEAVOUR TO DEMONSTRATE EXCELLENCE IN YOUR WORK AS THIS IS CARDINAL TO ENSURE THAT YOU MEET THE EXPECTATIONS OF THE VARIOUS STAKEHOLDERS. THIS IS OFTEN A DELICATE BALANCING ACT.

16.0 FINALLY I HOPE THE PARTICIPANTS FROM SOUTH AFRICA, NAMIBIA AND ZIMBABWE AND ANY OTHERS FROM OUTSIDE ZAMBIA ENJOYED THEIR STAY IN ZAMBIA AND I TRUST THE ZAMBIAN COLLEAGUES WERE GOOD HOSTS AS IS OUR TRADITION. I HOPE YOU WILL ALL HAVE TIME TO SEE A BIT OF LUSAKA BEFORE FLYING BACK HOME.

17.0 MR. CHAIRMAN, AFTER A LONG AND BUSY WEEK, I WOULD NOT WISH TO HOLD YOU ANY FURTHER. IT IS NOW MY

UTMOST PLEASURE ON BEHALF OF RERA, THE ENERGY  
REGULATION BOARD OF ZAMBIA AND INDEED ON MY OWN  
BEHALF TO DECLARE THIS COURSE OFFICIALLY CLOSED.