

Multi-year Expert Meeting on

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SESSION 3:

**INFRASTRUCTURE SERVICES UNDER
REGIONAL TRADE AGREEMENTS**

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INFRASTRUCTURE SERVICES UNDER REGIONAL TRADE AGREEMENTS: THE CASE FOR ENERGY INFRASTRUCTURE IN ECOWAS

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- Definition of Energy Infrastructure
- Provisions of ECOWAS Treaty on liberalization of Energy Infrastructure
- Provision of the ECOWAS Energy Protocol on liberalization of Energy Services
- Regulatory Interventions to facilitate liberalization
- Impact of liberalization on development of the energy sector



Definition of Energy Infrastructure

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- Energy Infrastructure has been defined as the large-scale enabling technologies to:
 - Transport energy from producer to consumer
 - Direct and manage energy flow
 - Typically this consists of:
 - ▣ Electricity Infrastructure
 - ▣ Natural Gas Infrastructure
 - ▣ Petroleum Infrastructure
 - ▣ Biomass and Coal Infrastructure



Provisions of ECOWAS Treaty on liberalization of Energy Infrastructure

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The revised ECOWAS Treaty provides for:

- The effective development of the energy resources in the region
- Diversification of energy sources
- Harmonization of national energy development plans and interconnection of electricity distribution networks
- Articulation of a common energy policy especially in research, exploitation, production & distribution



Provision of the ECOWAS Energy Protocol on liberalization of Energy Services

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- ECOWAS Energy Protocol was signed in 2003 with the major objective of promoting long-term co-operation in the energy field with a view of achieving increased investment and energy trade in the region.
- The protocol does not derogate from the provisions of the WTO Agreement with respects to rights of contracting parties who are members of the WTO



Provision of the ECOWAS Energy Protocol on liberalization of Energy Services cont'd

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- Key provisions include:
 - Establishment and enforcement of Laws opening up the sector to competition
 - Removal of barriers to competition and alleviation of market distortion
 - Allowing non-discriminatory access to power generation and transmission facilities
 - Promoting the principle of freedom of transit of energy materials and products

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Provision of the ECOWAS Energy Protocol on liberalization of Energy Services cont'd

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- Key provisions continued:
 - Facilitating the interconnection of energy transport facilities
 - Eliminating all obstacles to the transfer of technology
 - Promoting open capital markets to finance trade in energy
 - Promotion of stable, fair and equitable investment climate for the sector



Regulatory Interventions to facilitate liberalization

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- Article 31(n) of Energy Protocol provides for establishment of regulatory bodies for energy systems, programmes and projects within the framework of implementation of the protocol
- West African Gas Pipeline Authority (WAGPA) was established in 2004 to regulate the trans border gas pipeline project between Nigeria, Benin, Togo and Ghana
- ECOWAS Regional Electricity Regulatory Authority (ERERA) was established in 2008 to regulate cross-border electricity interconnections among all ECOWAS member States



Regulatory Interventions to facilitate liberalization cont'd

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- WAGPA Regulatory Interventions have been achieved through:
 - Open Access Code
 - WAGP Technical Regulations
 - Pipeline Licenses
 - Pipeline Development Plan
 - Environmental Impact Assessment and Management Plan
 - Tariff Regulation

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Regulatory Interventions to facilitate liberalization cont'd

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- ERECA Regulatory Intervention on liberalization achieved through the ECOWAS Directive on the Organization of the Regional Electricity Market which provides for:
 - Regional Market design and market phases
 - Open access to transmission networks
 - Tariff Regulation
 - Harmonization of cross-border contractual arrangements
 - Strengthening of national regulatory authorities



Impact of liberalization on development of the energy sector

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- ❑ Liberalization has led to more investments in the Energy Sector of ECOWAS Countries
- ❑ Countries with Independent Regulators have seen more private investments than those without regulators
- ❑ Nigeria and Ghana which are the only two countries with open access in transmission has made the most progress in electricity sector reform
- ❑ WAGP has a made positive impacts on power projects in Benin, Togo and Ghana
- ❑ Conversely, the slowest progress have been made in those countries where the energy sector has not undergone any reforms



Thank You

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