



# National Consultative Workshop on the Design of the First Round of Beyond the Grid Fund Africa – Liberia



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## **Current and Envisaged Off-Grid Regulatory Frameworks: Which Delivery Model Will be Available for the Private Sector?**

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## Presentation Outline

- Past and Current Regulatory Environment for the Off-Grid Electricity Sub-Sector.
- Envisaged Regulatory Framework for the Off-Grid Electricity Sub-Sector.
- Off-Grid Electricity Regulatory Framework Delivery Models Available for the Private Sector.
  - Categories of Micro Utility License/Permits and Established Thresholds
  - Duration of Micro Utility License/Permits and Established Thresholds
  - Duration of License/Permit – examples



# Past and Current Regulatory Environment for the Off-Grid Electricity Sub-Sector



## Past and the existing situation:

- *Largely self-regulated off-grid market;*
- *Lack of regulatory regime and constrained electricity supply situation;*
- *Unclear policy direction and poor implementation of existing policies and strategies;*
- *Lack of technical and operational standards, codes and guidelines to measure the performance of operators or service providers;*
- *Technology has not been scaled up to commercial levels in the off-grid electricity sub-sector;*
- *Very limited Private sector participation (investment)*
- *Limited technical skills and capacity*



# Envisaged Regulatory Framework for the Off-Grid Electricity Sub-Sector



The 2015 Electricity Law of Liberia (“the Law”) addresses this situation by establishing the Liberia Electricity Regulatory Commission (LERC)

- The regulator, consistent with the Law has defined a regulatory framework for the off-grid sub-sector
- This regulatory framework is an accountability mechanism and method by which the regulator accounts for the responsibility and authority conferred upon it by the Law
- Within this framework, the regulator has taken a series of steps to develop responsive regulations, known as *Micro Utility Regulations* for the off-grid electricity sub-sector



# Envisaged Regulatory Framework for the Off-Grid Electricity Sub-Sector



- The draft Micro Utility Regulations and related documents are expected to be reviewed and validated by stakeholders by end of October.
- The validated documents would be forwarded to the Board of Commissioners for approval and roll out.
- Also a *Licensing Handbook and Administrative Procedures Regulations* have been drafted to provide an understanding of the licensing process by the private sector and potential investors.
- The LERC Tariff Regulations and Methodology, which is currently under development contains provisions for micro utility operators or service providers.



# Off-Grid Electricity Regulatory Framework Delivery Models Available for the Private Sector



Type of License or Permit	Description of MU Operation Mandate
1. Composite Micro Utility License	Authorizes the holder to <b>generate electricity at a specified location and distribute</b> it within a specified zone or area ( <i>Composite</i> )
2. Composite Micro Utility Permit	
3. Generation Micro Utility License	Authorizes the holder to <b>generate electricity at a specified location and supply in bulk</b> for distribution by another entity, ( <i>Generation Only</i> )
4. Generation Micro Utility Permit	
5. Distribution Micro Utility License	Authorizes the holder to <b>procure electricity in bulk</b> from another entity, (a Micro Utility Generation Licensee or Permit holder or from another distribution network operator) <b>for distribution</b> within a specified zone or area ( <i>Distribution Only</i> )
6. Distribution Micro Utility Permit	



## ***Categories and Duration of Micro Utility License/Permits and Established Thresholds***



<b>Type of Regulatory Instrument</b>	<b>Category of MU License/Permit</b>	<b>Threshold - Installed capacity range of MU facility (<math>C_{inst}</math>)</b>	<b>Duration (or Term) of License or Permit</b>
Permit	Small MU Permit	$C_{inst} < 500\text{kW}$ (including Self-Supply with customer sales)	Up to 5 years
	Medium MU Permit	$500\text{kW} \leq C_{inst} < 1000\text{kW}$	Up to 7 years
License	Medium MU License	$500\text{kW} \leq C_{inst} < 1000\text{kW}$	Up to 10 years
	Large MU License	$1000\text{kW} \leq C_{inst} < 10000\text{kW}$	Up to 15 years



## *Duration of License/Permit - examples*

Type of License	Country & No. of Years				Liberia (Proposed)
	Rwanda	Nigeria	Zimbabwe	Namibia	
Thermal Generation License	25	10	up to 30		Up to 20
Hydro Generation License	25	10	up to 30		Up to 25
Electricity Transmission License	25	10	up to 30		Up to 25
Electricity Distribution License	25	10	up to 30	1* & 25	Up to 20
Electricity Retail Trade License	5	10	up to 5		Up to 20??
Electricity Export License	5				Up to 5
Electricity Import License	5				Up to 5
Captive Power generation license	-				
Mini-grid or other Registration	-				1
Mini-grid Permit	up to 10				up to 7
Mini-grid License	up to 15				10-20
Self-supply Permit	-				10
Self-Supply Authorization	-				5





**THANK YOU**

**QUESTIONS?**