Ad Hoc Expert Group Meeting on Assessment of Power Pooling Arrangements in Africa

Opening Statement

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Chairperson,
Distinguished Experts,
Ladies and Gentlemen,

On behalf of the Executive Secretary of ECA, it is my pleasure to welcome you to this Expert Group Meeting on "Assessment of Power Pooling Arrangements in Africa". We thank you for taking some of your precious time to come and share with us your expertise and experience on the challenge of improving the security and reliability of energy supply in Africa.

Indeed, improving the reliability and lowering the cost of energy supply to productive activities in order to enable sustained economic growth of 6% per annum is one of the major objectives of the New Partnership for Africa's Development (NEPAD). Although Africa is rich in commercial energy resources, these resources are unevenly distributed within and among regions and often located at great distances from the energy demand areas. This makes energy exchange within Africa an ideal opportunity to develop and use energy resources more efficiently and for the greatest benefit of all.

The search for abundant and cheap energy should thus focus on rationalizing territorial distribution of existing energy resources through, among other things, increasing regional cooperation in strengthening and/or expanding existing networks of electricity transmission lines and gas pipelines. This would help enhance reliability and security of supply and minimize the cost of supply through economies of scale of large regional supply systems.

Distinguished Experts,

Ladies and Gentlemen,

Addressing Africa's energy problems represents a daunting challenge for policy makers. Available statistics show that:

- Despite the abundance of its commercial energy resources, Africa accounts for only about 3% of world commercial energy consumption.
- Because of widespread poverty, many people cannot afford commercial energy, particularly electricity. Barely 10% of Africa's 800 million population have access to grid electricity.
- Africa is the world's largest consumer of biomass energy (firewood, charcoal, crop residues and animal wastes), which accounts for more than 90% of final energy consumption in many sub-Saharan African countries.
- Africa is lagging behind other developing regions in terms of energy intensity, using 200% more energy per dollar of wealth creation than the world average.
- The vast hydropower potential of the Continent is underdeveloped and more than 80% of

electricity generating capacity consist of fossil fuel based thermal power stations, mainly oil and gas in North Africa, and coal in Southern Africa

- Because of lack of pipeline infrastructure, Africa is wasting its energy resources in the form of associated gas to oil production through gas flaring.

The question then is how to reverse this gloomy picture of Africa's energy situation. Efforts should be made to promote inter-country energy cooperation and contribute to the development of energy infrastructure required to facilitate delivery of modern energy services to consumers. Lessons must also be learned from some of the countries, which have succeeded in increasing access to modern energy services for a major portion of their population.

Distinguished Delegates
Ladies and Gentlemen,

We need to review how energy-pooling arrangements have evolved over time and take stock of what has been achieved so far to improve reliability and security of electricity supply through power pooling.

In doing so, power pooling should be understood as any arrangements that can contribute to facilitating inter-utility and other cross-border electricity exchange. These arrangements have evolved from simple interconnections between neighboring utilities to support each other in emergency conditions into more sophisticated formal multinational entities, known as regional power pools.

Notable achievements have been recorded in the area of power pooling arrangements since the early 1950s when the first interconnection linked Morocco and Algeria. This was followed by a number of interconnections and related bilateral electricity supply agreements between neighboring utilities in sub-Saharan African countries, most of which originated from the development of hydropower projects.

Some of these developments include: Owen Falls hydropower station for Uganda-Kenya interconnection (1955), Kariba North Hydropower station for Zambia-Zimbabwe interconnection (1960), Akosombo hydropower station for Ghana-Togo-Benin interconnection (1972), Inga 1 & 2 hydropower stations for Congo-DRC interconnection (1972 and 1982), Cahora Bassa hydropower station for Mozambique-South Africa interconnection (1974), etc.

Yet, in most cases, arrangements governing inter-utility electricity exchange did not provide for coordinated planning of power generation expansion between contracting parties. Increasing demand for energy due to economic growth in electricity exporting countries resulted in capacity constraints as evidenced by power shortages in Ghana and member countries of the Communauté Electrique du Benin (CEB) in 1998, or in Uganda and Kenya in 2000.

The creation of the Southern African Power Pool (SAPP) in 1995 and related power-pooling arrangements for intra-regional electricity exchanges provided a model of institutional framework where utilities may be part of multilateral electricity supply agreements and also benefit from shared capacity reserve. Thus, pooling arrangements within a regional power pool can be made to improve reliability and security of supply.

Distinguished Experts

Various efforts at power pooling in Africa have been deployed for nearly half a century now. We convened this meeting to provide you with an opportunity to review the status and effectiveness of existing arrangements governing cross-border electricity trade in Africa. Through the sharing of your expertise and experience on challenges facing the major institutions involved, we hope that the

meeting will yield action-oriented recommendations aimed at assisting member States in making informed decision for their active involvement in establishing and operating regional power pools.

With the wealth of expertise assembled in this room, we are confident that your deliberations will help ECA improve the report of the study on "Assessment of power pooling arrangements in Africa". You are kindly requested to make recommendations that would provide member States with proposals on the best ways and means of improving the effectiveness of arrangements governing inter-utility electricity trade and on the most appropriate approach to the establishment and operation of regional power pools.

Let me conclude by expressing again our gratitude and appreciation in advance for your contribution to this meeting. I wish you fruitful deliberations and I now declare open the Expert Group Meeting on Assessment of Power Pooling Arrangements in Africa.

Thank you for your kind attention.