

Priority Action Areas for HoA Countries (2022)



2nd Horn of Africa Initiative Regional
Power Trade Technical and Coordination
Workshop - April 11, 2022

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Background



- Coordinated effort is needed to foster power trade in the region
- A table of priority action areas was shared as a part of the background note prior to the workshop with participants
- The action areas are captured under 4 pillars
 - Institutional Strengthening
 - Soft Infrastructure – Operations
 - Soft Infrastructure – Commercial
 - Soft Infrastructure – Planning

Pillar 1: Institutional Capacity



1. Establish and maintain a platform for a sustained high-level dialogue on regional power trade that will inform the EAPP CoM and HoA Ministerial meetings (All HoA countries, ongoing).

- A sustained dialogue between policy makers is needed to garner the necessary political support for regional integration.

2. Strengthen EAPP organs by actively participating and contributing to technical committees for operations, markets, and planning (All HoA countries, ongoing)

- EAPP's technical committees play a key role in developing the soft infrastructure (operations and commercial arrangements) required for trade. The ongoing support of member utilities is needed to have effective technical committees.

3. Nominate trading staff, establish and equip trading units to prepare for participation in the EAPP Day Ahead Market(DAM)-(All HoA countries, Q2 2023).

- Each entity that intends to trade in the EAPP region will need to establish its own trading unit, staff that unit, put in place internal systems, controls and permissions to trade and, importantly, train the traders and the supporting staff.

Pillar 2: Soft Infrastructure – Operations



4. Prepare country action plans to identify investments in grid strengthening to comply with EAPP regional Interconnection Code enabling reliable power trade (All HoA Countries, Q2 2023).

- Technical processes and systems are required for secure and safe operation of the regional power system. Since the system is a network, this requires harmonized rules and procedures throughout the region as set out in the EAPP Interconnection Code.

5. Put in place operational procedures for Ethiopia-Kenya HVDC interconnector (Ethiopia, Kenya Q3 2022).

- Detailed operating procedures to be agreed by the transmission system operators (TSO) of the two neighboring countries operating the interconnector.

6. Establish and operationalize control areas for the EAPP power market (All HoA Countries, Q2 2023).

- In addition, to ensure a stable frequency throughout the region and to facilitate trade, control areas must be established to maintain the net cross-border flows that emerge from the DAM/bilateral trade (net import or net export) in each area.
- Each country would be its own control area or would have to join another control area as a guest.

Pillar 3: Soft Infrastructure – Commercial



7. Complete negotiations of commercial agreements for Ethiopia-Kenya (Ethiopia, Kenya by Q2 2022).

- The power trade agreement between Kenya and Ethiopia is a key transaction for the region which will open trade flows on the HVDC line and will further demonstrate the gains from power trade in the region.

8. Support finalization and adoption of the Standardized Bilateral Short-Term Power Purchase Agreement (All HoA Countries, Q3 2022).

- To facilitate short term power trade the Standardized Bilateral Short-Term PPA being developed will allow utilities to agree on almost all the terms in advance, only leaving items such as prices and volumes for negotiation and agreement by the relevant parties. Member countries have been part of their development process, and should utilize them once they are finalized/accepted .

9. Improve and maintain financial sustainability of utilities to ensure credible off-takers and payment discipline in the regional power market(All HoA Countries, Ongoing).

- Credible off-takers and payment discipline are key success factors of the regional power market.

10. Agree on fair and efficient transmission pricing methodology for the regional power market(All HoA Countries, Q3 2023).

- Transmission charges are key to facilitating power trade in the region. They should not act as a barrier to trade and should allow utilities to recover a fair share of costs of their transmission network used for regional trade.

Pillar 4: Soft Infrastructure - Planning



10. Share timely data with EAPP for monitoring, planning and operations of the regional system (All HoA countries, Ongoing).

- Sharing of data and information in a timely manner is critical for monitoring, planning, operation of the regional system. Incomplete or inadequate information would lead to sub-optimal decision-making and a reduction in overall benefits from trade in the region.

11. Incorporate regional trade opportunities in national master plans, using a regionally consistent approach (All HoA countries, Ongoing).

- To harness benefits from regional integration, national planning should incorporate regional trade opportunities.

Concluding Remarks



- These are some of the priority action areas
- There are various other actions needed both by the countries and EAPP that will also be required for power trade to flourish.
- Some of the actions EAPP is taking in these priority areas were described in the previous presentation.
- EAPP stands ready to support member countries in achieving the actions.
- I now invite the country delegations to share their views on the actions presented and confirm their support for the same

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Thank you!

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