

RENEWABLE ENERGY, REGULATORY FRAMEWORK AND LICENSING PRESENTATION



- 1. What is Renewable Energy**
- 2. Legislative Framework**
- 3. Licensing process**
 - *Investment Endorsement for Project Developers in alternative sources of energy*

- ❖ **What is “*Renewable Energy*”:**
- ❖ ***Renewable energy*** is *energy* which can be obtained from natural resources that can be constantly replenished, *like wind and sunshine*.
- ❖ **Renewable energy** is also called "clean energy" or "green power" because it doesn't pollute the air or the water.

- ❖ Renewable energy comprises of alternative forms of energy other than the commonly used hydro-power energy (dependent on water). These include:
 - *Solar energy,*
 - *Biomass energy/fuel,*
 - *Wind energy, and*
 - *Geothermal energy.*

Enabling legislation include:

- ❖ The Energy Regulation Act, Cap 436;
- ❖ The Electricity Act, Cap 433;
- ❖ The Petroleum Act, Cap 435; and
- ❖ The Energy Regulation (Licensing Regulations), Statutory Instrument No. 2 of 1998.

Authority to licence drawn from:

- ❖ The Energy Regulation Act (ERA) particularly section 6 which acknowledges the ERB as the sole licensing authority in the energy sector.
- ❖ The Electricity Act (EA) particularly section 3 which requires the licensing of Generation; Transmission; Distribution; and Supply of electricity whether hydro-power or renewable energy such as Solar.

- ❖ The Energy Regulation (Licensing) Regulations SI No.2 of 1998 as read together with the ERA sets out procedures for licensing for energy undertakings;
 - ❖ A formal application to undertake a licensed activity in the energy sector such as generation (30yrs), or supply of electricity (5yrs) using any form of energy i.e. solar, must be made to the ERB, with specific documentations to be filed in support of the application;
-

Requirements for a Licence to Generate Electricity using Renewable Energy

❖ Requirements for Generation Licence using Renewable Energy:

- 5 Year Business Plan;
- Latest Audited Accounts/Financial Statement [If company is already operational];
- Proof of funds i.e. Six Months Bank Statement or

Letter of commitment from Sponsors accompanied with Board Resolutions of Sponsor company;

- Latest Annual Returns from PACRA
Latest Tax Clearance Certificate from ZRA;
- Residence Permits for foreign, directors/shareholders;
- Certified copies of NRCs for Zambian Directors;

Requirements cont..

- Copy of Investment Endorsement;
- Proof of residence for Directors, i.e. Utility bill or tenancy agreement; and
- Technical detail of the infrastructure to be used.

- ❖ **NB:** Once assessed application fee is paid at 0.1 % of the cost of investment.
- ❖ Upon being licensed, licensee is also required to pay monthly licence fees of 0.7% of monthly turnover of the business.

- ❖ **Documentation supporting application for Supply Installation and Maintenance of Solar Energy Systems:**
 - *Applicable to undertakings that may wish to engage in the supply, maintenance and installation of solar systems to their customers.*

Documentation supporting application for Supply Installation and Maintenance of Solar Energy Systems cont..

- **Requirements include:**
- 5 Year Business Plan;
- Latest Audited Accounts/Financial Statement [If company is already operational], or Letter of commitment from Sponsors accompanied with Board Resolutions of Sponsor company;
- Latest Annual Returns from PACRA;

- Certificate of Incorporation (local companies);
- List & details of shareholders, directors from PACRA;
- Warehouse & proof of qualified technician to demonstrate the usage & maintenance of solar systems.

- Latest Tax Clearance Certificate from ZRA;
 - Residence Permits for foreign, directors / shareholders;
 - Certified copies of NRCs for Zambian Directors;
 - Proof of residence for Directors, i.e. Utility bill or tenancy agreement; and
 - technical detail of the infrastructure to be used.
- ❖ All applications are subjected to license processing procedure.

- ❖ Legal assessment to determine whether application has been duly lodged;
 - ❖ Technical assessment of the application and inspection of infrastructure to ensure compliance with standards; and
 - ❖ Financial and economic assessment of the application is conducted, examining the financial capability of applicant. The license application fee is set at 0.1 % of the cost of investment.
-

- ❖ Once assessed application fee is paid at 0.1 % of the cost of investment, the applicant for Solar energy projects is exempt from payment of monthly licence fees set at 0.7% of monthly turnover of the business;
- ❖ Equipment imported for purpose of supply, install and maintenance of solar systems are tax exempt by ZRA;
- ❖ The above incentives are meant to attract investments in renewable/clean energy.

- ❖ Notice of the Application is published in the Gazette for (30) days;
 - ❖ Publication allows the public to make their objections to the application, if any;
 - ❖ Where there are no objections, the application is approved by the Board for licensing;
 - ❖ Licenses are to be issued within sixty (60) days of receipt of application.
-

- To cushion the period within which it takes to issue a standard licence, the ERB usually issues a provisional licence to an applicant that has fulfilled all the licensing requirements pending gazetting and issuance of a standard licence by the Board.

INVESTMENT ENDORSEMENT

- ❖ ***Investment Endorsement:*** Is a document that guarantees a Developer that a license will be issued by ERB upon completion of the Project i.e. Solar Project for generation or transmission or supply of electricity;
- ❖ It is a precursor to issuance of a license by ERB;
- ❖ It is applicable to new or additional generation projects;

- ❖ When applying for IE the Developer must submit the following:
 - Detailed project description;
 - Estimated cost and economic justification of the project;
 - Decision letter on EPB from ZEMA;
 - Draft Power Purchase Agreement (PPA) if power is to be sold by the Developer to ZESCO Limited (as off-taker);



- ❖ I.E valid for a specific period (1yr) but renewable upon Developer showing good cause.

THE END



THANK YOU FOR YOUR ATTENTION