

ANNUAL REPORT



2022



We safeguard your interests

VISION

To be the benchmark of excellence in energy regulation in Africa by 2026

MISSION STATEMENT

Efficiently regulate the energy sector and be responsive to stakeholder needs to achieve sustainable, reliable, and quality energy products and services

OUR MOTTO

We safeguard your interests

CORE VALUES

TIPIT

- | | | |
|---------------|-----------------|-------------------|
| 1. Team Work | 2. Integrity | 3. Predictability |
| 4. Innovation | 5. Transparency | |

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BOARD CHAIRPERSON'S STATEMENT



“It is with great pleasure that I present the Annual Report and the Audited Financial Statements for the Energy Regulation Board for the year ended 31st December 2022. The year 2022 saw the development of the Eighth (8th) Strategic Business Plan (2022 – 2026) which outlines the strategic direction of ERB following the expiry of the Seven (7th) SBP (2018– 2021).”

Strategic Direction

Following the cessation of the Seventh (7th) Strategic Business Plan 2018-2021, the ERB during the year under review developed the 8th SBP (2022-2026) whose implementation is envisioned to raise the profile of ERB as the benchmark of excellence in energy regulation in Africa by 2026. The SBP was developed in line with the aspirations of the Government as enshrined in the Vision 2030, National Energy Policy, Eighth National Development Plan (8NDP) and Sustainable Development Goals among others. The new SBP was developed using the Balanced Score Card approach. Therefore, the SBP is anchored on Four Pillars and these being Stakeholder Management, Operational Excellence, People and Culture and Financial Sustainability. In attaining its vision, the ERB will embark on the adoption of robust and resilient regulatory systems that are responsive to stakeholder needs in the energy sector in ensuring effective and efficient provision of quality energy products and services. Being one of the pioneer energy regulators in the Southern African region, ERB seeks to leverage on its vast regulatory experience to attain excellence in its operations at domestic and regional level.

Development of Regulations

Under the provisions of the Energy Fund Regulations and Tribunal Rules, Act No. 12 and Electricity Act No. 11 of 2019, the ERB developed among others the Energy fund Regulations and Tribunal rules. The Energy Fund regulations propose a governance structure for the management and administration of the Energy Fund for the sustenance of developments in the energy sector. The draft regulations were submitted to the Ministry of Energy for approval. On the other hand, the Tribunal Rules which provide a mechanism for stakeholders to appeal to the Minister of Energy when aggrieved with decisions of the ERB were finalised.

Electricity Tariff and Power Purchase Agreement Approvals

The ERB approved three tariff adjustment applications from the following mini-grid developers: Rural Electrification Authority (REA) for the Kasanjiku hydro mini-grid in Ntambu and Sailunga chiefdoms of Mwinilunga District; Engie Power Corner for the solar mini-grid in Chitandika Village of Chipata

District; and Copperbelt Energy Corporation (CEC) for the CEC Village in Kitwe.

A total of nine (9) Power Purchase Agreements were approved in the year under review. These included ZESCO and Copperbelt Energy Corporation PLC (CEC) (185-350MW), ZESCO–Botswana Power Corporation, firm power (100 MW), ZESCO and Zimbabwe Electricity Transmission and Distribution Company (ZETDC) (100MW) and ZESCO and Namibia Power Corporation (80 MW), among others. It is worth-noting that the approvals were made on condition that obligations for meeting local demands were met.

Pricing of Petroleum Products

In the year under review, the ERB revised the wholesale and pump price of petroleum products on a monthly basis in line with the principles of the Cost-Plus Pricing model. This was necessitated following Government announcements of petroleum sub-sector reforms in the fourth quarter of 2021 which saw the placement of INDENI refinery on care and maintenance and conversion of TAZAMA pipelines into a finished products pipeline. Consequently, the ERB modified the fuel pricing cycle from sixty (60) days which was aligned to the importation of petroleum feedstock to thirty (30) days to ensure the price was responsive to market fundamentals which include the international oil prices and exchange rate between the Zambian Kwacha and United States Dollar.

Further, on 31st January, 2022, the ERB equalized the price of Low Sulphur Diesel/Gas oil and ordinary diesel, resulting in the market having only one price for diesel. The equalisation was done because with the petroleum sub-sector reforms, the ordinary diesel that was refined at INDENI refinery is no longer available on the local market as the refinery was placed on care and maintenance, and was being transformed into an Oil marketing Company (OMC).

In order to support cost reflective pricing of petroleum products pricing, in September, 2022, Government issued Statutory Instruments No.2 and No. 59 of 2022 which facilitated the revision of excise duty on petrol from K0.64 per litre in 2021 to K2.07 per litre. In addition, excise duty on diesel increased to K0.66 per litre in 2022 from K0.00 per litre in 2021. The SI reinstated Value Added Tax (VAT) to 16% in 2022 after it was zero rated in 2021. The afore-mentioned took effect on 1st October, 2022.

Energy Infrastructure Tours

To enhance the Board's regulatory oversight, the ERB Board members undertook a study tour of energy facilities in Southern, North-Western and Copperbelt Provinces. The tour presented an opportunity for the Board Members to familiarize themselves with operations and created a forum for engagements with management of the respective energy facilities in the spirit of exploring potential regulatory interventions. The facilities that were toured included:

- i) Maamba Collieries Limited;
- ii) Batoka Gorge Hydro Electric Scheme Project;
- iii) Victoria Falls Power Station;
- iv) Solwezi Fuel Depot;
- v) TAZAMA Pipelines Limited;
- vi) INDENI Refinery Limited; and
- vii) Copperbelt Energy Corporation.

Non-Tax Revenue collection

For the financial year 2022, the ERB collected gross revenue (licence fees and other energy funds) ZMW1.25 billion compared to ZMW0.91 billion in 2021, representing a 38% increment. The improved performance was a consequence of enhanced debt management measures, timely collection of funds, increased sensitisation and enforcements on late filing and payment of returns. It is also worth-noting that the non-tax revenue increase was also driven by overall growth in the energy industry and cost reflective pricing of petroleum products in the course of the year.

It is my utmost desire that this report will comprehensively highlight the activities and operations of the ERB undertaken during the year 2022 in relation to our mandate. On behalf of the Board, I wish to express my gratitude for the invaluable support of the Government of the Republic of Zambia, cooperating partners, licensees, consumers, academia, media and the general public in ensuring ERB's effective regulatory service provision to the sector. Lastly, I applaud the dedication of Management and Staff who worked tirelessly in advancing a regulatory regime that stimulated developments and investments in the energy sector.



Reynolds C. Bowa (Mr.)
BOARD CHAIRPERSON

DIRECTOR GENERAL'S STATEMENT



“The Energy Regulation Board (ERB) in the period under review continued to regulate the Energy sector with a view of supporting the achievements of the aspirations of the Energy Policy and legislative frameworks - Energy Regulation Act No. 12 of 2019 and the Electricity Act No. 11 of 2019. The ERB recorded a number of successes in its implementation of key regulatory activities that were undertaken in the year 2022. The ERB achieved an institutional performance of 87% against the set target of 85%.”

Major Achievements

Licence Issuance

In order to support investments in the energy sector, a total of 361 standard licences were issued in the year 2022 against 117 issued in 2021. The 209% increase in Licences issued in 2022 was largely due to an increase in the number of players in the importation and transportation of fuel following the extension of the suspension of customs and excise duty on petroleum products. In addition, 98 Construction Permits were issued in 2022 with the bulk (92 permits) in the petroleum sub-sector and 2 in the electricity sub-sector. Further, the increase was on account of the improvements that were made in the licensing system in streamlining the processes for ensuring efficiency in licence issuance.

Development of Guidelines and Standards

Through its partnership with the Zambia Bureau of Standards (ZABS) and other stakeholders, the ERB developed guidelines for Siting of Petroleum Infrastructure which were published in 2022. Additionally, in the interest of promoting the deployment of renewable energy technologies, new standards were developed, with support from the USAID Alternative to Charcoal Project, which include; DZS 1236: Denatured Hydrous Ethanol for use as Cooking and Appliances Fuel – Specification; DZS 1237 Non-Pressurized Ethanol Cooking Appliances Using Liquid Fuel – Specification; DZS 1238 Ethanol Gel for Cooking and other Gel burning Appliances (new standard); and DZS 1239 Ethanol - Gel Fuelled Appliances (new standard).

Further, in the interest of ensuring the required safety and quality requirements for Liquefied Petroleum Gas (LPG) on the market, the ERB in collaboration with ZABS and with the support of the United States Agency for International Development (USAID) also undertook a review and revision of the LPG Zambia Standard series ZS 429 Parts 1 to 6. The above draft standards are envisioned for publication by ZABS in the course of 2023.

Compliance Monitoring

In its quest to ensure compliance to technical standards, license conditions, codes of practice, directives, and guidelines, audits on licensed enterprises were conducted by the ERB. With regard to state of electricity infrastructure of supply, power quality performance of the Interconnected Power System in 2022 was 75% against a target of 73% compared to 71% recorded in 2021. The improvements were attributed to enhanced engagements with the licensees. In relation to the the of electricity infrastructure for State Owned and Non- State Owned enterprises, a compliance of 93% was recorded compared to 91.78% in 2021.

In the Petroleum sub-sector, the overall performance on petroleum product quality compliance was 97% in 2022 compared to 99% in 2021 against a regulatory target of 95%. Although there was a slight reduction in the compliance rate, it is worth-noting that the bulk of fuel distributed in the country was from legitimate sources and of acceptable quality. Petroleum infrastructure overall average compliance in 2022 increased to 95%, compared to 89% compliance achieved in 2021 against a target of 93%.

Enforcements

The ERB carried out enforcement hearings against erring licensees aimed at fostering compliance to licence conditions. During the period under review, 63 licensees were summoned for various breaches compared to 52 licensees in 2021. Out of the total 63 licensees, the DPP consented to compounding four offences during the period under review. The rest of the offences were dealt with administratively in line with the enforcement manual.

Fuel Marking

The ERB continued to implement the fuel marking programme in accordance with the Petroleum Marking and Monitoring Regulations, Statutory Instrument (SI) No. 69 of 2017 in ensuring legitimate fuel . In the period under review, compliance rate revealed a slight decrease in the pass rate from an overall compliance of 99% in 2021 to 97% in 2022. Out of the 10 provinces, Copperbelt and North-Western Province recorded the lowest compliance rates.

Stakeholder Engagements

As part of its stakeholder engagement, the ERB held a Forum for all Members of Parliament on 27th June, 2022. The objective of the meeting was to keep honourable members abreast with key developments in the energy sector.

In addition to the above, 14 industry meetings were held in 2022 compared to 11 in 2021. The meetings were targeted mainly at licenced entities in the electricity, petroleum and electricity sub-sector where regulatory information specific to the licensed activity was disseminated and discussed.

Jet A1

IPP model for Jet A-1 was concluded and implemented in April 2022. Price of Jet A-1 is now reviewed using Import Parity Pricing (IPP) model along with the wholesale price of kerosene. In addition, the ERB implemented the regulation of the Post Airfield Price (Retail price at airports) of Jet A-1 in October 2022.

Management Information System

In order to enhance efficiency in service delivery, the ERB embarked on the automation of its licensing, complaints handling and Non-tax Revenue systems. The Management Information System was launched on 28th July, 2022. The systems can be accessed by visiting www.erb.org.zm under online services. The systems have facilitated the lodgement of licence applications, complaints and submission of returns by Stakeholders via the online platform.

Cost of Service Study

Under the auspices of the Ministry of Energy and Ministry of Finance, the ERB coordinated nationwide workshops in all 10 provinces in 2022 with the aim of presenting the findings of the Cost of Service Study and Government position on the findings and recommendations expressed in the Green Paper. The outcome of this consultative process culminated into the issuance of a white paper by Government on its final position on the recommendations of the study.

Complaints Handling

During the period under review, the ERB handled a total of 471 complaints and facilitated for the resolution of 278 as at 31st December, 2022 representing a resolution rate of 59% compared to 42% recorded in 2021. The majority of the complaints stemmed from the electricity sub-sector with delayed connections on top of the list while the rest were in the petroleum sub-sector.

In conclusion, on behalf of Management, I wish to thank the Board for their steadfast strategic direction and oversight for the institution in achieving its targets. I also wish to acknowledge the unwavering commitment of the staff in ensuring a regulatory environment in the energy sector that is favourable for stakeholder engagement and participation.



Yohane Mukabe (Mr.)
DIRECTOR GENERAL

1 INSTITUTIONAL OVERVIEW AND INTRODUCTION

In line with its mandate and approved budget for the year 2022, the Energy Regulation Board (ERB) continued to undertake regulatory activities in the energy sector. During the year under review, various regulatory activities undertaken included: licensing; development of standards and guidelines; compliance monitoring of licensees; setting of prices for energy products and services; stakeholder engagements and complaints handling.

The subsequent sections of this report present the performance achieved by the ERB during the period 1st January to 31st December, 2022 in relation to the aforesaid. The report also presents an overview of the Institution's performance on the support services.

1.1 Mandate of the ERB

The ERB is a statutory body established under the Energy Regulation Act No. 12 of 2019 with the mandate to regulate the energy sector in the country.

1.1.1 Functions of the ERB

The specific functions of ERB, as set out in Section 4 of the Energy Regulation Act No.12 of 2019, are to:

- a) issue licences under this Act;
- b) in collaboration with the Competition and Consumer Protection Commission—
 - (i) investigate and monitor the levels and structures of competition within the energy sector with a view of promoting competition and accessibility to a licensee or enterprise complying with the basic requirement for operating as a business in the Republic;
 - (ii) develop and implement appropriate rules to promote competition in the energy sector;
- c) monitor, in collaboration with any other relevant regulatory body, the efficiency and performance of a licensee and an enterprise, having regard to the purposes for which the licensee and the enterprise were licensed or established;
- d) disseminate information and promote the participation of the public in the provision of energy services;
- e) receive, investigate and determine complaints from consumers on—
 - (i) tariffs and charges provided by a licensee;
 - (ii) quality of energy products and services provided by a licensee; or
 - (iii) its own initiative concerning the location or construction of an energy facility or an installation or the carrying out of any works by a licensee;
- f) stipulate conditions relating to the location, installation or construction of a common carrier, or an energy facility or an installation;
- g) approve the location and construction of a common carrier or an energy facility or installation or the carrying out of any works by a licensee or enterprise and regulate that location and construction by attaching terms and conditions to the licence or a permit

- held by a licensee and enterprise under this Act or any other applicable written law;
- h) In collaboration with the Zambia Bureau of Standards, design standards with regard to the quality, safety and reliability of the supply of energy;
- i) in collaboration with the Zambia Environmental Management Agency, formulate measures to minimize the environmental impact of activities carried out in the energy sector;
- j) determine, regulate and review charges and tariffs in the energy sector;
- k) approve, review and regulate power purchase agreements and power supply agreements;
- l) subject to the Compulsory Standards Act, 2017, and the Standards Act, 2017 establish performance standards and monitor the attainment of performance standards by licensees and enterprises in the energy sector;
- m) develop operating procedures, codes of practice, guidelines for incentive-based regulation and specifications;
- n) initiate, conduct and promote research surveys, studies, training and investigations in the energy sector;
- o) promote, development and the use of new and appropriate technologies in the energy sector;
- p) develop an enforcement manual to regulate non-compliance in the energy sector;
- q) make recommendations to the Minister on various issues in the energy sector;
- r) conduct any inquiry and investigation connected with any activities under this Act;
- s) make orders and enforce performance compliance as provided under this Act to the extent applicable;
- t) issue directives to licensees from time to time in relation to the licensed activity;
- u) impose an administrative penalty against a licensee for violation of licence conditions under a licence held by the licensee, or for failure to abide by the directives issued under this Act or any other relevant written law; and
- v) Order immediate closure of energy facilities that are operating in contravention with this Act with respect to the safety and health of persons or consumers.

The ERB has additional functions specific to the electricity subsector which are stipulated in Section 3 of the Electricity Act No. 11 of 2019.

1.2 Governance Structure

The governance structure of the ERB comprises the Board of Directors and Management as follows:

1.2.1 Board of Directors

The Board of Directors is the highest decision-making organ of the institution responsible for providing strategic direction and oversight. The Board comprises seven members appointed by the Minister of Energy drawn from the Engineering Institution of Zambia, Law Association of Zambia, Economics Association of Zambia, Zambia Environmental Management Agency and Zambia Institute of Chartered Accountants pursuant to Section 5 of the Energy Regulation Act. No. 12 of 2019. The Board of Directors is headed by the Chairperson. The composition of the Board of Directors during the year under review is shown in Figure 1-1.

Figure 1-1 : Composition of the Board of Directors



Mr. Reynolds C. Bowa
Chairperson



James Banda
Vice Chairperson



Ms. Karen Banda
Member



Dr. Mususu Kaonda
Member



Mr. Michael Kachumi
Member



Mrs. Jane M. Mulenga
Member



Mr. Banji Kalenga
Member

The Board has five committees as follows:

- a) Audit and Risk Committee (ARC);
- b) Consumer Affairs Committee (CAC);
- c) Finance, Human Resource and Administration Committee (FHRAC);
- d) Technical Committee (TC); and
- e) Licensing Committee (LC).

Details regarding the composition of the committees of the Board, number of meetings held and attendance are presented in Appendices 1-1 to 1-5.

1.2.3 Executive Management

Management is headed by the Director General, appointed under Section 8 of the Energy Regulation Act, 2019. The Director General oversees the day to day operations of the institution and is assisted by five Directors. The Executive Management for the year 2022 is shown in Figure 1-2.

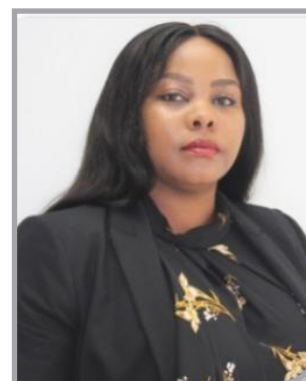
Figure 1-2: Composition of the Executive Management Team



Mr. Yohane Mukabe
Director General



Mr. Alfred Mwila
Director - Economic Regulation



Ms. Edna Mutalama
**Director - Legal & Secretarial
Services / Board Secretary**



Mr. Allen Polito
Director - Technical Regulation



Mr. Fred Hang'andu
**Director - Consumer & Public
Affairs**

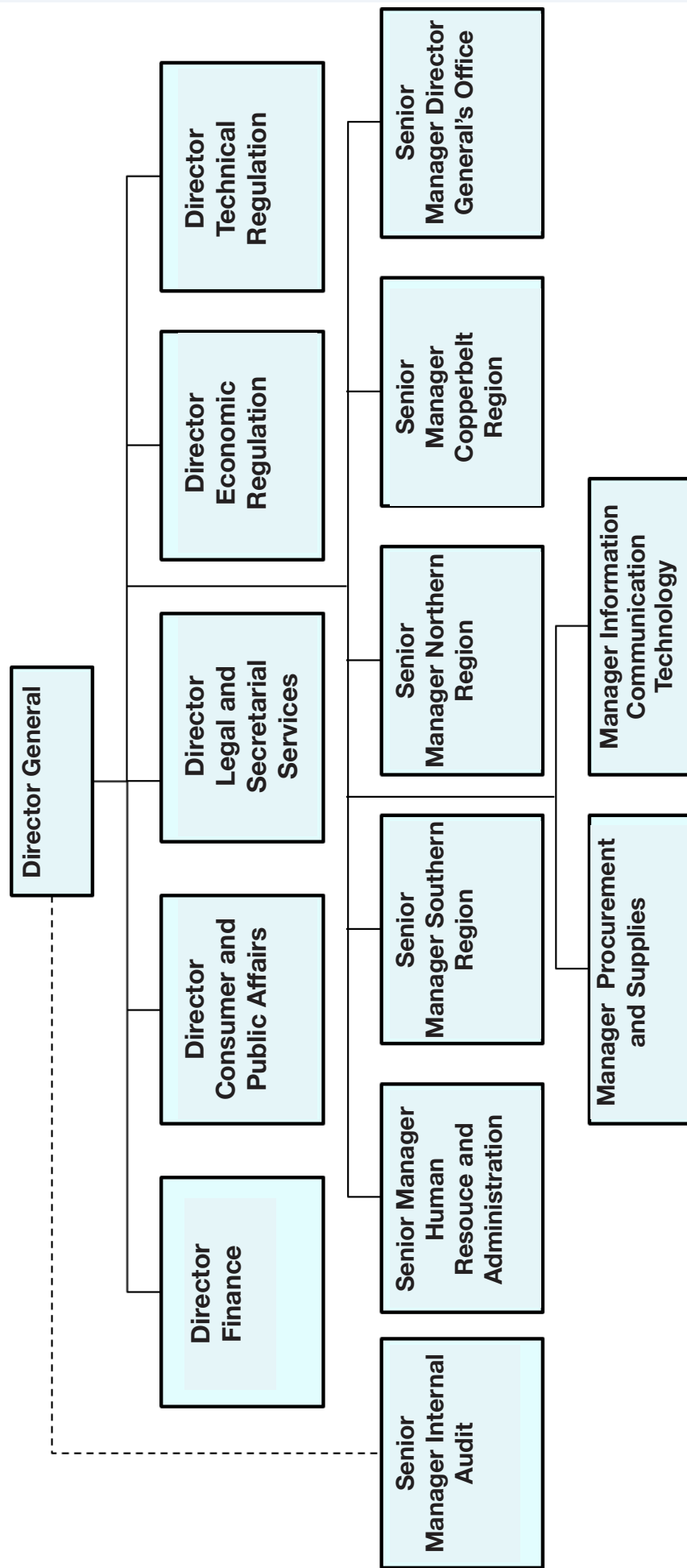


Mr. Kabaye Mwale
Director - Finance

1.1.3 Executive Committee

The Executive Committee (ExCo) is the management decision making organ which comprises the Director General, Heads of Departments, Regions and Units. The Executive Committee is headed by the Director General. The ExCo for the year 2022 is shown in Figure 1-3.

Figure 1-3: Executive Committee Organogram



1.3 New Legislation

The Energy Regulation Act No.12 of 2019 and Electricity Act No.11 of 2019, provide for the development of regulations in order to effectively regulate the energy sector. During the year under review, the ERB developed and/or amended six regulations as summarised in Table 1-1.

Table 1- 1: Summary of the status on the Regulation/Rules developed/amended in 2022

Regulation	Detail and Status
Under the Energy Regulation Act, 2019	
Amendment to the Energy Regulation (General) Regulations, statutory Instrument No. 42 of 2021	Amendments to the Licensing General Regulations in order to provide for exemption of Mini Grids from heavy handed licensing requirements. The draft is undergoing review by Ministry of Energy and Ministry of Justice.
Tribunal Rules	The Regulations are for the purpose of facilitating the creation of the tribunal to hear appeals related to decisions of the Board in line with Section 54 of the Energy Regulation Act. Submitted by Ministry of Justice to the Chief Justice to sign the Rules into Law in line with section 42 of the Energy Regulation Act No. 12 of 2019
The Energy Fund Regulations	The draft Regulations which propose a governance structure for the management and administration of the Energy Fund were recommended to the Ministry of Energy.
Under the Electricity Act, 2019	
Sale and Purchase of Electricity outside of Zambia Regulations	The Regulations facilitate the maintenance of security of supply of electricity within the Republic. The draft Regulations were submitted to the Ministry of Energy and are awaiting stakeholder consultation and finalisation.
Declaration of Emergency	The Regulations prescribe the manner of declaring an emergency as provided by section 18 of the Act. The draft Regulations were submitted to the Ministry of Energy and are awaiting stakeholder consultation and finalisation.
Open Access	The Regulations are for the establishment of the open access framework in line with section 52(m) of the Act. The draft Regulations were submitted to the Ministry of Energy and are awaiting stakeholder consultation and finalisation.
Supply of Electricity Regulations	The Regulations facilitate the maintenance of security of supply of electricity within the Republic in line with the requirements set out in Section 52(a) of the Act. The draft Regulations were submitted to the Ministry of Energy and are awaiting stakeholder consultation and finalisation.

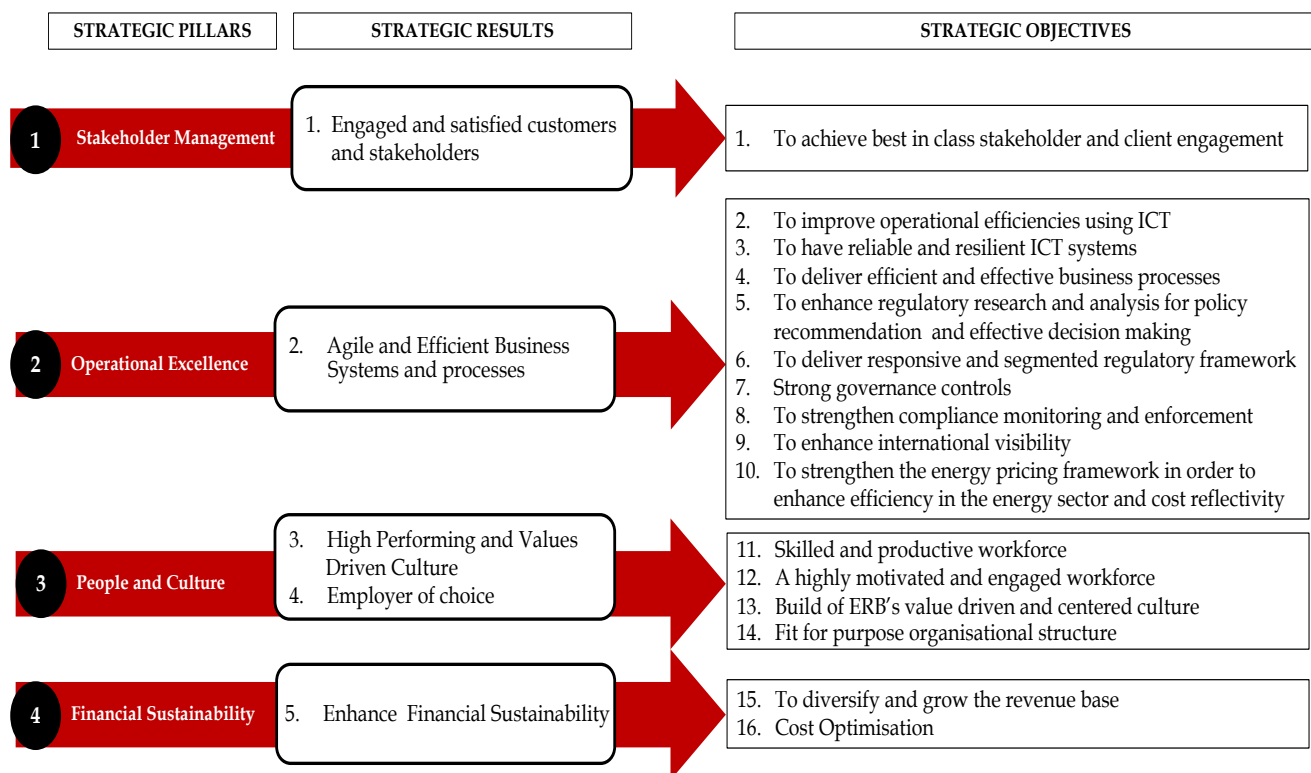
1.4 Eighth Strategic Business Plan (8th SBP)

Following the expiry of the seventh Strategic Business Plan (2018 – 2021), in 2022, the ERB developed its eighth Strategic Business Plan (8th SBP) for the period 2022–2026 which outlines the strategic direction of the Institution for the next five years consistent with the aspirations of the Government as enshrined in the Vision 2030, National Energy Policy, Eighth National Development Plan (8NDP) and Sustainable Development Goals, among others. The Institution's vision through the 8th SBP is to become the benchmark of excellence in energy regulation in Africa by 2026. The mission is to efficiently regulate the energy sector and be responsive to stakeholder needs to achieve sustainable, reliable, and quality energy products and services.

The 8th SBP is anchored on the following four pillars:

- a) **Stakeholder Management:** ensure engaged and satisfied customers and stakeholders.
- b) **Operational Excellence:** streamlining of processes will be done to ensure agile and efficient business system for efficient and effective service delivery in conformity with legal requirements.
- c) **Financial Sustainability:** effectively contributing to government non-tax revenue through collection of licence fees in line with the targets set by the Treasury thereby contributing to the economic development of the country.
- d) **People and Culture:** ensure a culture of service inspired by core values and these being Teamwork, Integrity, Predictability, Innovation and Transparency (TIPIT).

Figure 1-4: Strategic Pillars and objectives



2 LICENSING AND REGULATORY APPROVALS

In accordance with the Institution's mandate to regulate the energy sector, the ERB issues licences and construction permits to enterprises seeking to operate within the energy sector. The sector is segmented into three sub-sectors, namely Electricity, Petroleum and Renewable Energy. Construction permits are issued to enterprises seeking to set up energy infrastructure while standard licences are issued to those that have set up their infrastructure and are ready to commence operation. In addition, the ERB in accordance with Part IV, Clause 27 of SI No. 42 of 2021 provides for confirmation of excluded activities for importation of solar equipment for domestic or non-commercial use, importation of lubricants for domestic or non-commercial use, importation of solar for use in Government projects and importation of lubricants for use in equipment meant for Government projects. Appendix 3-1 summarises the types of licences which are granted by the ERB across all three sub-sectors.

2.1 Licences and Permits

The following licences and permits were issued in the period under review:

2.1.1 Standard Licences

A total of 361 standard licences were issued during the year 2022 against 117 issued in 2021. The 209% increase in licences issued in 2022 was largely due to an increase in the number players in the importation and transportation of fuel following the extension of the suspension of customs and excise duty on petroleum products. Further, the absence of the Board of Directors during the latter part of 2021 resulted in an increased number of licences issued in quarter 1 of 2022 after the reconstitution of the Board in December 2021. Table 2-2 outlines the number of licences issued per sub-sector in 2022 against those issued in 2021.

Table 2-1: Number of Standard Licences Issued by Sub-sector in 2022 and 2021

Sub-sector	Licences issued in year	
	2022	2021
Petroleum	309	88
Renewable Energy	44	23
Electricity	8	1
Total	361	117

2.1.2 Construction Permits

The purpose of a Construction Permit is to monitor regulatory compliance in the siting and development of energy infrastructure for which a Permit has been issued. A total of 98 Construction Permits were issued in 2022 as outlined in Table 2-2.

Table 2-2: Number of Construction Permits Issued by Sub-sector in 2022 and 2021

Sub-sector	Number of Construction Permits issued
Petroleum	96
Electricity	2
Total	98

2.2 Power Purchase Agreements

In 2022, the ERB reviewed and approved nine (9) power purchase and/or power supply agreements compared to one (1) PPA in 2021. The approved PPA/PSAs are shown in Table 2-3.

Table 2-3: Approved Power Purchase/Supply Agreements

No.	Contracting Parties to the PPA or PSA	Contracted capacity (MW)	Duration (years)
1.	ZESCO–Botswana Power Corporation, firm power	80	3
2.	ENDEVA Power Zambia Limited-Milla ECO Lodge	0.015	3
3.	ZESCO and Zimbabwe Electricity Transmission and Distribution Company (ZETDC)	100	5
4.	ZESCO and Kariba North Bank Extension Power Corporation (KNBEPC) (Addendum on tariff)	Not Applicable	Not Applicable
5.	ZESCO and Copperbelt Energy Corporation PLC (CEC)	185-350	14
6.	ZESCO and North-West Energy Corporation Limited (NWECC)	20	15
7.	ZESCO and Namibia Power Corporation (Nampower)	80	5
8.	ZESCO and Botswana Power Company	200	2
9.	CEC and Mimbula Minerals Limited	26	10

It is worth-noting that the approvals of the PPAs and PSAs involving the export of power outside the country were made on condition that obligations for meeting local demands were met.

3 DEVELOPMENT AND REVIEW OF STANDARDS, KEY PERFORMANCE INDICATORS AND GUIDELINES

Section 4(h) of the Energy Regulation Act No. 12 of 2019 mandates the ERB to design technical standards with regard to quality, safety and reliability of supply of energy products and services in collaboration with the Zambia Bureau of Standards (ZABS). Further, section 4(m) of the same Act mandates the ERB to develop codes of practices and guidelines. During the year under review, the ERB developed and revised seven standards, three (3) codes of practices and two (2) guidelines for the energy sector, as summarized in Table 3-1. The ERB also commenced the process of developing one regulation on siting of petroleum infrastructure.

Table 3-1: Development and Review of Technical Standards, Frameworks and Guidelines

Type of document developed and the subsector	Name of document	Status as of 31 st December 2022
Standards		
Electricity Sub-sector	DZS 387: Power Quality and Reliability Standards (Parts 1 to 4) (revision)	The revised drafts (Parts 1 to 4) were finalized in October 2022 and were submitted to ZABS for consideration and publication in 2023
	DZS 692: Fire Protection for Substations Standard (new standard)	The draft standard was finalised in December and were submitted to ZABS for consideration and publication in 2023
Petroleum Sub-sector	DZS 429: Liquefied Petroleum Gas Standards (Parts 1 to 4) (revision) (Parts 5 to 6) (developed)	The revision of the four parts and development of two new parts of ZS 429 standard were drafted and public comments were incorporated in the drafts in 2022
Renewable energy Sub-sector	DZS 1236: Denatured Hydrous Ethanol for use as Cooking and Appliances Fuel – Specification (new standard)	The draft standards were submitted to ZABS for consideration and publication
	DZS 1237 Non-Pressurized Ethanol Cooking Appliances Using Liquid Fuel – Specification (new standard)	
	DZS 1238 Ethanol Gel for Cooking and other Gel burning Appliances (new standard)	
	DZS 1239 Ethanol - Gel Fuelled Appliances (new standard)	

Type of document developed and the subsector	Name of document	Status as of 31 st December 2022
Codes of Practice		
Electricity Sub-sector	Distribution Grid Code (revision)	The final revised draft was concluded in November 2022 and would be subjected to finalisation into regulations in 2023
	Zambian Grid Code (SI 79 of 2013) (revision)	The final revised draft was finalised in July 2022 and would be subjected to finalization into regulations in 2023
	Wayleave Code of Practice (revision)	The final revised draft was finalized in November 2022 and would be subjected to finalization into regulations in 2023
Guidelines		
Petroleum Sub-sector	Guidelines for Siting of Petroleum Infrastructure	Guidelines developed and published in 2022.
Renewable Energy Sub-sector	Vegetation Management Framework for licensed Renewable Energy Facilities	Framework approved and effected.
Regulations		
Petroleum Sub-sector	Regulations for Siting of Petroleum Infrastructure	The ERB commenced the process of converting guidelines for siting of Petroleum Infrastructure into a Statutory Instrument (SI) for effective enforceability

4 COMPLIANCE MONITORING AND ENFORCEMENT

4.1 Compliance Monitoring

In accordance with Section 4(c) of the Energy Regulation Act, the ERB continued to monitor performance of licensed enterprises in order to ensure compliance to set standards, licence conditions, Board orders and guidelines. Compliance monitoring activities undertaken during the year 2022 are discussed in the subsequent sub-sections.

4.1.1 Service and Product Quality Monitoring

The following reveals the outcome of the audits that were undertaken in 2022 in relation to power quality, petroleum product quality and fuel marking programme:

4.1.1.1 Power Quality

The ERB continued to enforce power quality and reliability requirements in order to facilitate for a technically and economically efficient Zambian Interconnected Power System (IPS). This is done in accordance with the Power Quality Management System (PQMS) and Power Quality Directives which were issued in 2015. The directives require licensees to install power quality recorders at sufficient locations in their respective networks to adequately monitor power supply quality and reliability and to report system performance as prescribed in Parts 1 to 4 of the Zambian Standard, ZS 387 (Power Quality and Reliability Standards). Additionally, the ERB set a minimum regulatory target of 73% compliance to standards in 2022 by all electricity enterprises on the IPS. These included the following:

- i) ZESCO Limited (ZESCO);
- ii) Copperbelt Energy Corporation Plc (CEC);
- iii) Ndola Energy Company Limited (NECL);
- iv) Lunsemfwa Hydro Power Company Limited (LHPC);
- v) Maamba Collieries Limited (MCL);
- vi) Itzhi-tezhi Power Corporation Limited (ITPC);
- vii) Bangweulu Power Company Limited (BPC);
- viii) Ngonye Power Company Limited (NPC); and
- ix) North-Western Company Limited (NWECL).

Out of the planned 352 sites that needed to be monitored for power quality by the licensees, 288 sites were monitored in 2022 as shown in Table 4-1, compared to 274 sites monitored in 2021. During the year 2022, the ERB continued to engage licensees to complete installation of power quality recorders on their power system networks in line with the PQMS framework.

Table 4-1: Progress on Installation of PQ Recorders as at 31st December 2022

Licensee	Number of Sites required to be Monitored by 31.12.22 as per PQMS/or agreed targets	Number of Sites actually Monitored by the end of Q3	% of the required Sites monitored
ZESCO	161	109	68%
CEC	172	164	95%
NECL	3	3	100%
MCL	2	2	100%
LHPC	11	7	64%
ITPC	2	2	100%
BPC	1	1	100%
Total (IPS)	352	288	82%

The ERB evaluated the power quality performance of the monitored sites and as shown in table 4-2, the overall average compliance for the IPS was 75%, which exceeded the 73% regulatory target, and was above the 71% compliance achieved in 2021. The improved compliance was partly attributed to the regulatory engagements which were held with the licensees during 2022.

Table 4-2: Summary of Power Quality Performance of 2022 compared to 2021

Period of Monitoring	Average Score
Q1-2022	75%
Q2-2022	75%
Q3-2022	75%
Q4-2022	75%
Average Score for 2022	75%
Average Score for 2021	71%
Regulatory target	73%

4.1.1.2 Petroleum Product Quality

In 2022, the ERB collected a combined total of 295 samples of petroleum products from State-Owned and Non-State Owned Oil Marketing Companies' (OMCs) depots countrywide. The samples were subjected to independent laboratory testing against the applicable Zambian Petroleum Products Quality Standards. The results of the tests summarized in Table 4-3, revealed that 97% of the total samples complied with the standards, and this met the regulatory target of 95% compliance rate.

However, Table 4-3 shows that the overall performance for year 2022 declined to 97.85% from 98.61% recorded in 2021. The decline was mainly on account of the slightly reduced compliance levels for samples of low sulphur diesel. The ERB will continue to monitor product quality and engaging OMCs to ensure compliance with standards and achievement of any set regulatory target.

It is worth noting that during 2022, Automotive Gas Oil (AGO) or High Sulphur diesel was no longer allowed and available on the market after Indeni Refinery was placed on care and maintenance and the entire diesel was coming into the country as imported finished product. Hence the only diesel samples collected and tested were for Low Sulphur Diesel which had consequently increased to 169 in 2022 from 37 in 2021.

Table 4-3: Results of Petroleum Product Samples Collected in 2022

Product	% of Collected Samples that Complied to Quality Standards	
	2022	2021
Unleaded Petrol	97.41%	96.19%
Diesel (AGO)	-	100%
Low Sulphur Diesel	92.32%	100%
Kerosene	100%	100%
Jet A-1	100%	100%
Total/Average	97%	99%
Regulatory target	95%	95%

4.1.1.3 Fuel Marking Programme

The Fuel Marking programme, which commenced in 2018 continued to be implemented during the period under review. All Low Sulphur Gas Oil, petrol and kerosene uplifts/ imports destined for domestic consumption were marked prior to distribution on the Zambian market. Marking of fuel was undertaken from designated operational Government and Oil Marketing Company (OMC) depots. In 2022, a total of 1,886,717.55 m³ of fuel was marked compared to 1,868,667.80 m³ in 2021, an increase of 0.97%.

Field sampling and testing of petroleum products was undertaken at operational service stations and known consumer sites (including mine sites) countrywide in line with the Energy Regulation (Petroleum Marking and Monitoring) Regulations, SI No. 69 of 2017. A total of 5,904 samples were collected and tested in 2022 compared to 4,748 samples in 2021 thereby representing a 24.35% increment. The increase in the number of samples collected in 2022 was attributed to an increase in the total number of retail sites licensed by the ERB. In addition, there was an increase in the number of consumer site installations sampled and tested during the period under review.

The results of the field sampling and testing revealed a slight decrease in the pass rate of 97% in 2022 from an overall compliance of 99% in 2021. The Copperbelt Province recorded the lowest compliance at 94.09% followed by the North Western Province at 95.74%. Further, four (04) of the ten (10) provinces recorded higher compliance levels in relation to the KPI target of 99%. Table 4-4 shows the results of the fuel marking sampling and testing exercise by province.

Table 4-4: Results of the Fuel Marking exercise by Province

Province	2022 Sampling and Testing Results		2021 Sampling and Testing Results	
	No. of Samples Collected	Pass Rate (%)	No. of samples collected	Pass Rate (%)
Central	461	98.92	343	99.71
Copperbelt	1,640	94.09	1,177	96.60
Eastern	303	99.01	197	100
Lusaka	2,090	98.47	1,950	99.18
North Western	352	95.74	221	96.83
Southern	454	98.02	380	99.47
Western	147	99.32	100	100
Northern	201	99.50	135	100
Muchinga	131	96.95	149	98.66
Luapula	125	99.20	96	100
Total	5,904	97	4,748	99

4.1.2 Energy Infrastructure Compliance Monitoring

4.1.2.1 Electricity Infrastructure

In 2022, the ERB inspected 516 licensed electricity infrastructure country-wide compared to 496 in 2021. As shown in Table 4-5, the overall average compliance in 2022 was 93% which was in line with the regulatory target. The result recorded was an improvement compared to the 92% compliance achieved in 2021. The ERB has planned to continue engaging all the licensees in 2023 in the spirit of ensuring improvements in areas of underperformance and sustain their compliance in areas where they scored above regulatory targets.

Table 4-5: Compliance Score of Electricity Infrastructure inspected by ERB in 2022 and 2021

Licensee infrastructure	Average Compliance	
	2022	2021
ZESCO	78.89%	87.00%
ITPC	95.00%	93.20%
LHPC	95.30%	90.50%
ZCCZ ¹	96.50%	98.10%
MCL	98.90%	98.25%
Dangote	91.80%	-
NECL	-	100.00%
NWEC	82.20%	97.90%
CEC Transmission	98.90%	98.00%
CEC Distribution	97.10%	96.70%
CEC Gas Turbines Alternators (emergency diesel generators)	98.70%	98.30%
Overall Average Compliance	93%	92%
Regulatory target	93%	93%

4.1.2.2 Petroleum Infrastructure

The ERB inspected 482 petroleum facilities at the beginning of 2022, of which 323 performed below the regulatory target of 93% compliance. Therefore, the 323 facilities were re-inspected towards the close of the year. The overall average compliance in 2022 increased to 95%, which was two percentage points above the regulatory target and six percentage points above the 89% compliance achieved in 2021 as presented in Table 4-6. Notably, Indeni Oil Refinery and Tazama Pipeline were not inspected for evaluation against regulatory target, as both facilities were non-operational in 2022.

Table 4-6: Results of Petroleum Infrastructure Compliance Monitoring

Facility	Average Compliance	
	2022	2021
Retail Service Stations	94.27%	86.30%
Fuel Depots	95.02%	87.80%
LPG Depot/ Filling Plant	95.71%	93.28%
Overall Average Compliance	95%	89%
Regulatory Target	93%	93%

¹ Zambia-China Economic and Trade Cooperation Zone (ZCCZ)

4.1.2.3 Renewable Energy Infrastructure

In an effort to promote renewable energy and diversify the electricity generation mix, the ERB employed a light-handed approach in monitoring renewable energy licensees (except for utility scale, grid-connected solar power plants where all the stringent requirements, such as those stipulated in the Grid Code, apply). However, the ERB still monitors all renewable energy licensees for compliance to their licence conditions and applicable standards, in order to ensure that the licensees understand their obligations to provide quality and reliable energy in line with established regulatory tools, as well as to identify areas across the subsector that need improvement.

In 2022, the ERB audited 110 enterprises that are licensed to manufacture, supply, install and maintain renewable energy generating equipment in 2022 (see Appendix 2-1) compared to 60 in 2021, while 11 mini-grids were audited compared to four in 2021. There were only two licensed utility-scale solar power plants in 2022 and the ERB audited both facilities. The plants complied with the licence requirements and demonstrated their capability to deliver power to the grid, for grid reliability and stability.

As presented in Table 4-7, the ERB audited three off-grid mini-hydro power plants in 2022 and their overall average compliance was 95%, which exceeded the regulatory target of 93% compliance.

Table 4-7 Compliance Levels of the Off-Grid Mini Hydro Power Plants

Power Station (Licensee)	Average Compliance	
	2022	2021
Zengamina Mini-hydro Power Station (owned by ZPL)	92.00%	92.00%
Kasanjiku Mini-hydro Power Station (owned by REA)	98.00%	91.00%
Shiwan'gandu Mini-Hydro Power Station (ZESCO)	96.00%	96.00%
Average Compliance	95%	93%
Regulatory Target	93%	93%

4.1.3 Environmental Impact Assessments

As a sector regulator, the ERB is usually requested by the Zambia Environmental Management Agency (ZEMA) to provide its regulatory input and comments to the environmental impact assessments (EIAs) and project briefs for the energy projects which are proposed by various developers in the country. Additionally, Section 4(i) of the Energy Regulation Act, No. 12 of 2019 mandates the ERB to collaborate with ZEMA to formulate measures to minimise the environmental impact of activities carried out in the energy sector. Therefore,, in 2022, the ERB reviewed and provided regulatory comments on all the 202 EIAs that were received from ZEMA. As shown in Table 4-8, the ERB reviewed 35 more EIAs in 2022 compared to 2021.

Table 4-8: EIAs reviewed and commented by the ERB for proposed Energy Projects in 2022

Sub-sector	No. of EIAs received from ZEMA and reviewed/commented by ERB	
	2022	2021
Electricity	3	1
Petroleum	197	165
Renewable Energy	2	1
Total	202	167

4.1.4 Financial Monitoring and Non-Tax Revenue

The ERB is charged with the responsibility to contribute to non-tax revenue for which an annual non-tax revenue collection target is given by the Ministry of Finance. The ERB receives self-assessed non-tax revenue returns from licensees. Based on the returns, the ERB undertakes risk based revenue audits on licensees in order to verify the completeness and accuracy of financial returns. In 2022, a total of 30 licensees were audited compared to 19 in 2021 to ensure financial compliance among licensees and safeguard Government revenue.

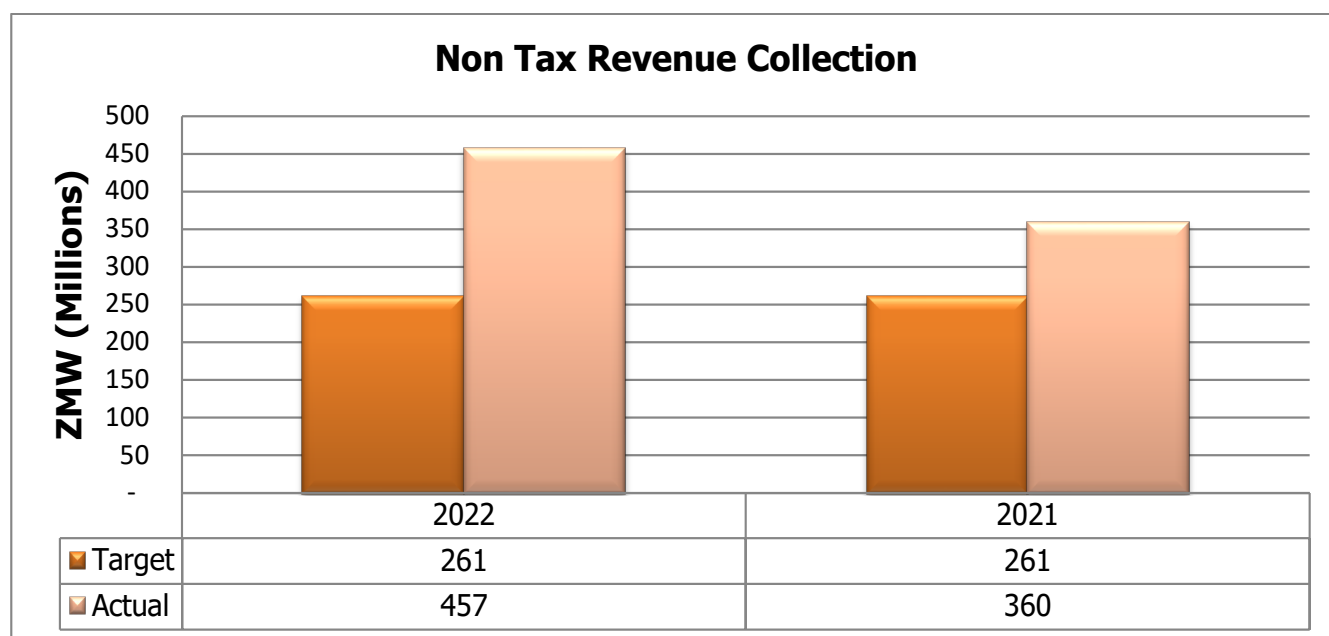
Further, in the period under review, the ERB focused on collecting outstanding debt from licensees and therefore intensified its revenue enforcement activities to maximize debt collection.

Overall, as illustrated in Figure 4-1 and detailed in Table 4-9, the ERB collected ZMW457.18 million against the Ministry of Finance's target of ZMW260.99 million, representing 75% above target as compared to ZMW369.18 collected in 2021.

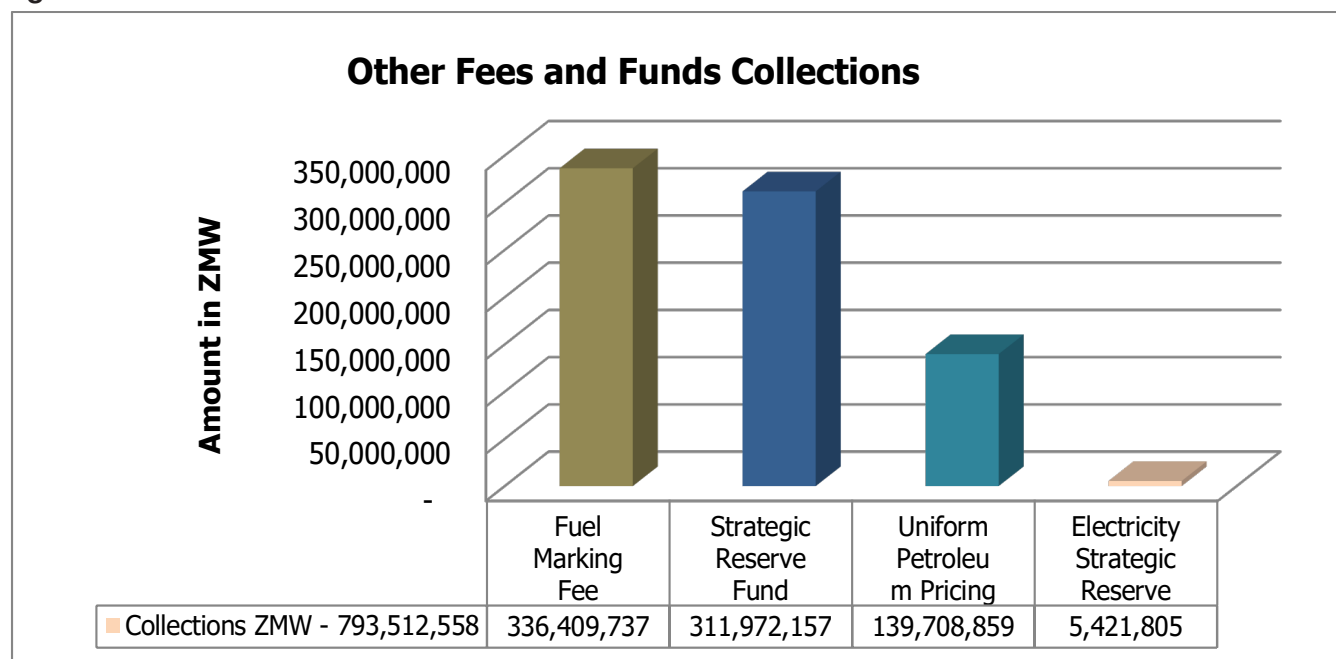
Table 4-9: Non-Tax Revenue (Licence Fees) collected by the ERB in 2022 and 2021

Collection	2022			2021		
Description	Actual	Target	Variance	Actual	Target	Variance
Licence fees (ZMW)	457,177,243	260,994,546	196,182,697	369,177,752	200,113,766	169,063,986

Figure 4-1: Comparison of Non-Tax Revenue Collection for 2021 and 2022



In addition to the non-tax revenue (licence fees), the ERB in the financial year 2022 collected ZMW794 million in other fees and funds in comparison to ZMW539 million in 2021 representing an increase of 47%.. Figure 4-2 shows the contribution of other fees and funds collection.

Figure 4-2: 2022 Collection of Fees and Funds

During the financial year 2022, the ERB collected gross revenue (licence fees and other energy funds) of ZMW1.25 billion compared to ZMW908 million in 2021, representing an increment of 38%. The improved performance was attributed to several factors which included: enhanced debt management by revenue team to break down long outstanding debt, effective collection of funds due on a timely basis, penalty compliance runs on late filing and payment of returns. Others factors included overall growth in the energy industry, increased sensitization and audit activities and upward adjustments in the petroleum price build ups within the course of the year..

4.2 Performance Monitoring

As provided by the Energy Regulation Act, the ERB has the mandate to monitor the efficiency and performance of licensed enterprises operating in the energy sector. The ERB undertakes routine financial reviews and has also developed Key Performance Indicators (KPI) framework to monitor the technical and commercial performance of licensed enterprises operating in the electricity and petroleum sub-sectors, respectively., The ERB developed and implemented KPI frameworks for the state-owned licensees in the petroleum and electricity subsectors, respectively.

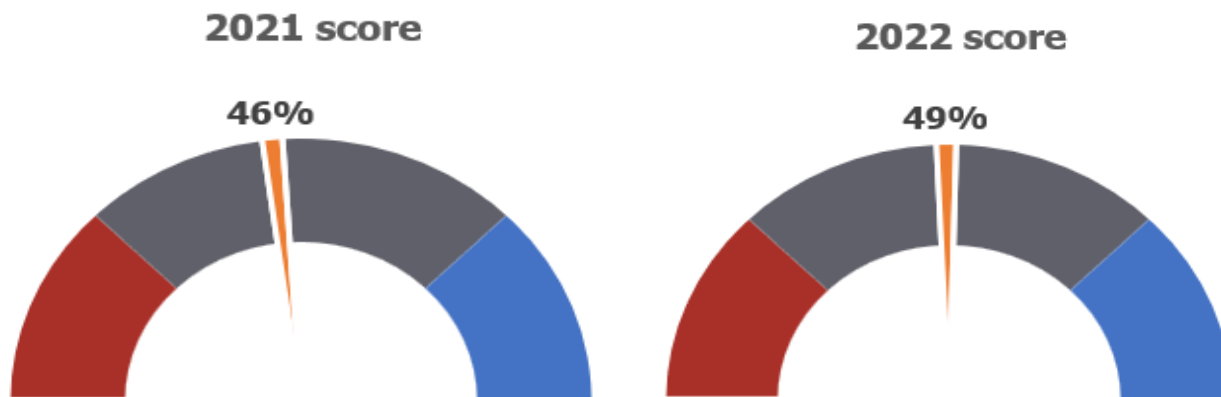
This section presents the results of the performance assessments undertaken by the ERB during the year 2022.

4.2.1 Key Performance Indicators for ZESCO Limited

ZESCO's operational performance was appraised based on 11 thematic areas as agreed in a three-year KPI framework for the period 2020 to 2022. According to the framework, the ERB set a minimum target score of 75% as a benchmark score for the Utility.

Figure 4-3 presents ZESCO's performance achieved on the KPI framework over the period from 2021 to 2022.

Figure 4-3: Summary of ZESCO's Performance on the KPI framework



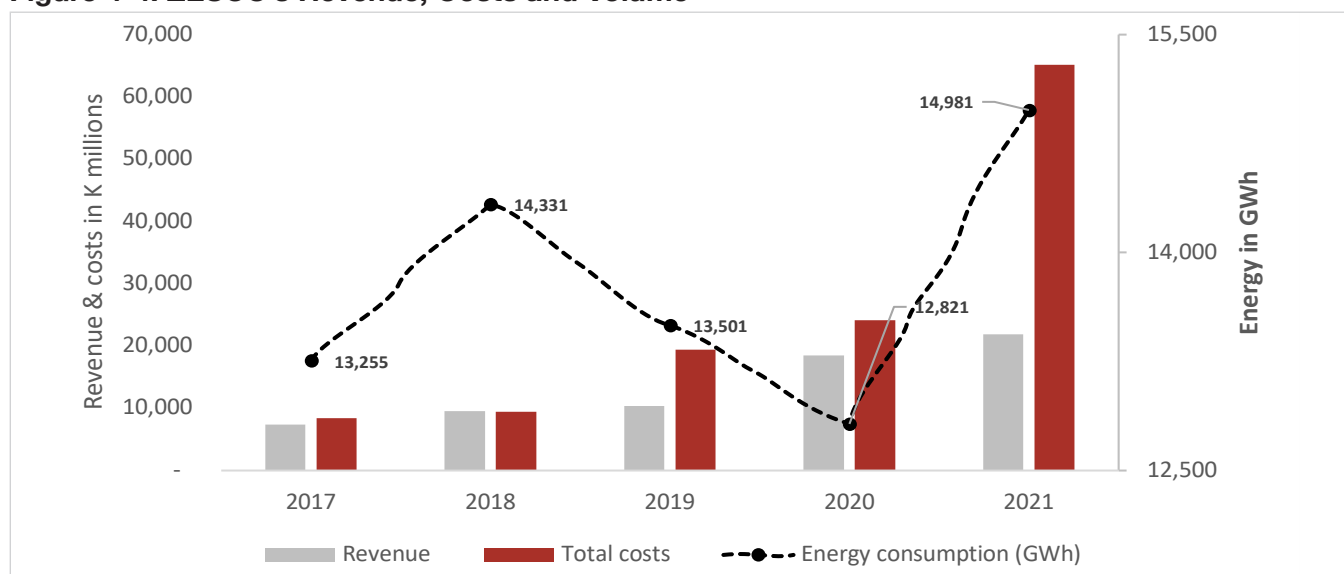
As depicted in Figure 4-3, ZESCO's performance has been below the benchmark minimum score of 75%. In 2021, ZESCO recorded a score of 46% and a slight improvement to 49% in 2022. Based on the Utility's submission, the poor performance on the KPI framework over the past two years has been as a result of below cost reflective tariffs, which has resulted in ZESCO's failure to meet customer service targets. In addition, the non-cost reflective connection charges led to the Utility's failure to meet the target indicators for new connections under the KPI framework.

It is the ERB's expectation that the Utility's performance will begin to improve starting in 2023 following the approved new connection charges effective January, 2023. In addition, following the finalisation of the Cost of Service Study (COSS), the ERB is expected to facilitate the implementation of cost reflective tariffs in line with Government's policy direction.

4.2.2 Financial Performance of ZESCO

The ERB undertook financial reviews, using the Utility's audited financial statements for the years 2017 to 2021. It was noted that ZESCO's revenue has been growing steadily over the five (5) years period, however, it was noted that the overall total costs have been rising rapidly from 2019 thereby creating a revenue funding gap. Meanwhile, the energy consumption over the period has been steadily rising except for the years 2019 and 2020 where energy consumption was suppressed by load management arising from power deficits.

Figure 4-4: ZESCO's Revenue, Costs and Volume



(Source: ZESCO Audited Financial Statements, 2017–2021²)

² The latest audited financial statements from ZESCO are for the year 2021 which were only finalised in early 2023.

As shown in Figure 4-4, the increasing gap between the ZESCO's revenue and costs has led to the Utility recording significant losses in the years from 2019 to 2021. The major drivers of costs have been the cost of power purchases which are dollar denominated and indexed annually as per terms of the Power Purchase Agreements (PPA). Therefore, the depreciation of the Zambian currency between 2019 to 2021 negatively impacted total costs resulting into the rapid increases in costs.

4.2.3 Key Performance Indicators for Petroleum Sub-sector

4.2.3.1 State Owned Enterprises

In 2022, the only KPIs that were monitored were for TAZAMA Petroleum Products Limited (TPPL), as TAZAMA Pipelines Limited (TAZAMA) and INDENI Petroleum Refinery Limited (INDENI) were not operational.

4.2.3.1.1 TAZAMA Petroleum Products Limited (TPPL)

TPPL performance was monitored on four (4) technical and four (4) financial KPIs. The monitoring covered six bulk Government storage facilities namely: Ndola Fuel Terminal (NFT), Lusaka, Mpika, Solwezi, Mongu and Mansa depots. As shown in table 4-17, TPPL achieved the technical KPI targets for Unaccountable Losses for kerosene, Petroleum Product Quality Incidents and Safety and Environment Incidents. Throughput volumes at all six (6) government depots continued to be monitored for trend analysis. A trend of the throughput volumes over the last three (3) years indicated a general decline in volumes from 901,544.19m³ in 2021 to 831,614.26m³ in 2022. The decrease was due to reduced refinery output which resulted in a significant portion of fuel being imported directly by OMCs and delivered to their respective depots.

TPPL did not achieve the financial KPI target for Asset Turnover ratio of greater than 2 during the period under review. The reduction was mainly attributed to reduction in the throughput fees as Oil Marketing Companies (OMCs) continued to trade more amongst each other than uplifting from Government depots.

4.2.3.1.2 TAZAMA Pipelines Limited and Indeni Petroleum Refinery Limited

Both TAZAMA pipelines and INDENI did not achieve their KPI target scores for the current ratio greater than 1.2 and trade debtor days less than 15 days. The trade debtor days score was not achieved by TAZAMA due to delayed settlements of invoices for services rendered during the period under review.

In the case of INDENI, the company did not attain the KPI target for both trade debtor days and the current ratio due to reduced activity for the company arising from lack of feedstock for processing. The KPI assessment was based on the income generated by INDENI from other activities such as laboratory analysis fees, terminal handling fees, rental income and weighbridge. An overview of the assessment is as provided in Table 4-10.

Table 4-10: SOEs' Performance against KPIs

Indicator	Product	Target	Actual performance (Total/Average)		Comment on 2022 Performance
			2022	2021	
Technical KPIs					
Throughput (m³)	All	-	634,441.39	901,554.19	Not assessed
Unaccountable Losses	Diesel	0.30%	0.38%	0.28%	Not achieved
	Petrol	0.50%	1.35%	1.77%	Not achieved
	Kerosene	0.30%	0.12%	0.13%	Achieved
No. of Petroleum Product Quality Incidents	-	0	0	0	Achieved
No. of Safety Health and Environmental incidents	-	0	0	0	Achieved
Asset turnover ratio	-	2	0.26	0.46	Not Achieved
Current Ratio	-	1.2	2.20	4.72	Achieved
Debtor Days	-	30 days	0	0	Achieved
Creditor Days	-	90 days	8.75	15.25	Achieved
TAZAMA Pipelines Limited					
Current Ratio	-	1.2	0.19	1.1	Not Achieved
Debtor Days	-	15 days	61.99	71.25	Not Achieved
Indeni Petroleum Refinery Company Limited					
Current Ratio	-	1	0.33	0.79	Not Achieved
Debtor Days	-	15 days	32.43	19.79	Not Achieved

4.3 Enforcements

The ERB carried out enforcement hearings against erring licensees aimed at fostering compliance to licence conditions.

4.3.1 Enforcement Hearings

During the period under review, 63 licensees were summoned for various breaches and action taken as summarized in Appendix 4-1. The new legislation allows the ERB to fine erring licensees in *lieu* of prosecution (compounding offences) subject to consent by the Director of Public Prosecutions (DPP) and upon admission of the offence by the offender. Of the 63 licensees, the DPP consented to compounding four (4) offences during the period under review. The rest of the offences were dealt with administratively in line with the enforcement manual (Appendix 4.1 gives the detail).

In 2021, enforcement activities for breaches of the provisions of the Fuel Marking Statutory Instrument No. 69 of 2017 were put on hold, pending completion of the on-going review process of the SI aimed at addressing the identified gaps and concerns raised by industry stakeholders in order to enhance the programme.

4.3.2 Fuel Marking Enforcement Hearings

During the period under review, enforcement hearings against 13 licensees were conducted. Of these 13, three (3) were recommended for prosecution in the Courts of Law, five (5) were recommended for administrative fines whilst four were recommended for reprimands. On the other hand, no action was taken against one licensee, as a case could not be established.

4.3.3 Enforcement against Illegal Fuel Vending

The ERB, in partnership with enforcement agencies, undertook raids at premises suspected to be illegal fuel vending facilities in Lusaka District. This resulted in the seizure of eight (8) by 210 litres drums of fuel worth approximately ZMW44,420.00. Further, one suspect was arrested and charged and the case is being pursued through the Courts of Law.

5. PRICE REGULATION

The Energy Regulation Act No. 12 of 2019 Section 4(j) mandates the ERB to determine, regulate and review charges and tariffs in the energy sector. Therefore, the ERB regulates the prices of energy products and services in order to ensure that consumers are protected from exploitation and that investors in the energy sector earn a reasonable return on their investments.

5.1 Pump Prices for Petroleum Products

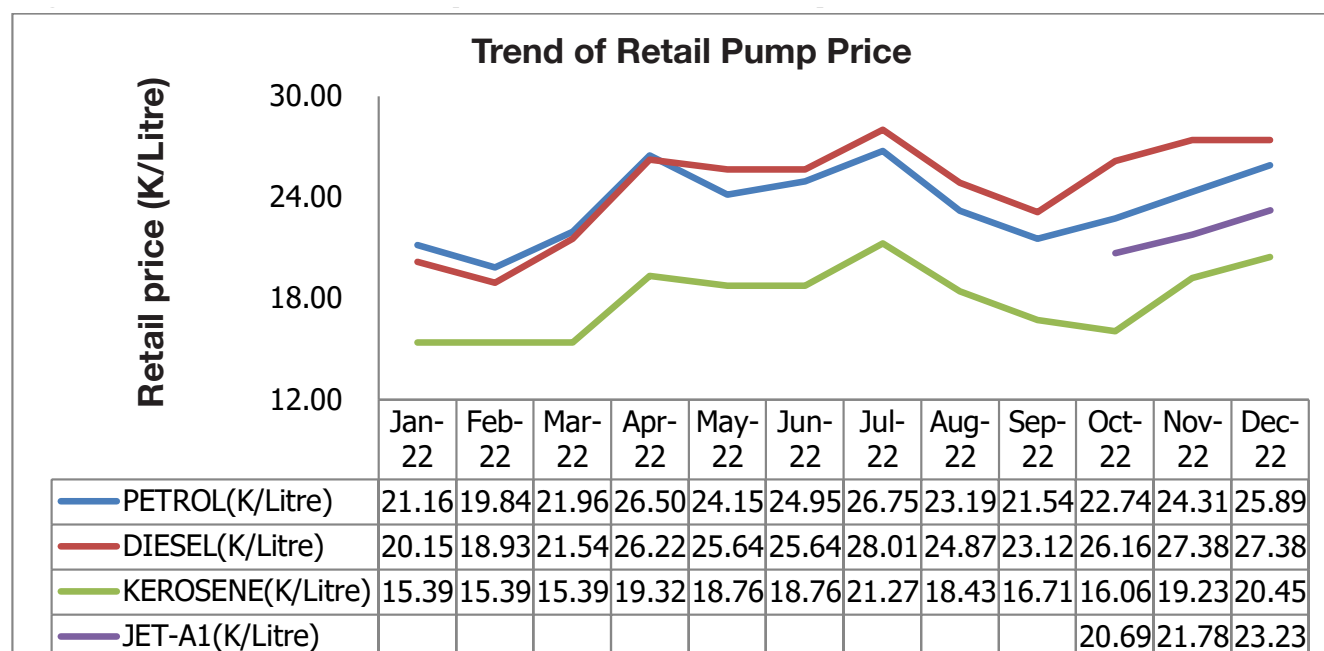
Fuel prices in Zambia are largely determined by the movements in the international oil prices and the exchange rate between the Kwacha and the United States Dollar. Other factors that influence the price of fuel include changes in other associated costs, fees, taxes, levies, charges as well as pumping fees and the processing fees. In order to ensure price stability, the ERB considers a threshold of 2.5% within which prices are adjusted.

In the fourth quarter of 2021, Government announced reforms for the petroleum sub-sector which include placing INDENI refinery on care and maintenance and converting TAZAMA pipelines into a finished products pipeline. Consequently, the ERB modified the fuel pricing cycle from sixty (60) days which was aligned to the importation of petroleum feedstock to thirty (30) days.

As such, during 2022, the ERB revised the price of petroleum products on the last day of each month, that is, from January to December, 2022. In addition, for every fuel price review, the wholesale and the pump prices were only adjusted if the proposed adjustment exceeded the 2.5% trigger band.

Further, in 2022, the ERB also equalized the price of Low Sulphur Diesel/Gas oil and ordinary diesel, resulting in the market having only one price for diesel. The equalisation was undertaken because with the petroleum sub-sector reforms, the ordinary diesel that was refined at INDENI refinery was no longer available on the local market. Figure 5-1 shows the trend in the pump price from January to December 2022.

Figure 5-1: Trend in Pump Prices from January to December 2022



5.1.1 Developments in Fuel Pricing

In September, 2022, Government issued Statutory Instrument No.2 and No. 59 of 2022 in order to revise the taxes on petroleum products, which had been adjusted in January 2021. The taxes which were amended were excise duty and the zero rating of the Value Added Tax (VAT). The reinstatement in the taxes of petroleum products was done as shown in Table 5-1.

Table 5-1: Movement in Petroleum Taxes 2021–2022

Product	Tax Type	2021	2022
Petrol	Excise (K/Litre)	0.64	2.07
	VAT	0%	16%
Diesel	Excise (K/Litre)	0.00	0.66
	VAT	0%	16%
Kerosene	Excise (K/Litre)	0.00	0.00
	VAT	0%	0%

The restored taxes took effect on 1st October, 2022.

5.1.2 Review of Petroleum Downstream Margins

The ERB reviews the margins of petroleum downstream players annually. During the month of April, 2022, the ERB in consultation with the Margins Committee conducted a review of the margins for petroleum downstream players (OMCs, dealers and transporters). The margins were reviewed in order to ensure that they were in line with the changes in the international oil prices and the Exchange rate. However, the margins remained unchanged as shown in Table 5-2.

Table 5-2: 2022 Margins

Downstream Player	Margin (K)
OMC (K/litre)	1.58
Dealer (K/litre)	1.07
Transporter (above 50km) (K/m ³ /Km)	1.62
Transporter (21-49Km) (K/m ³ /Km)	317.97
Transporter (below 20km) (K/litre)	0.24

5.2 Electricity Tariff Reviews

The ERB approved three (3) tariff adjustment applications from the following mini-grid developers: Rural Electrification Authority (REA) for the Kasanjiku hydro mini-grid in Ntambu and Sailunga chiefdoms of Mwinilunga District; Engie Power Corner for the solar mini-grid in Chitandika Village of Chipata District; and Copperbelt Energy Corporation (CEC) for the CEC Village in Kitwe.

Further, towards the close of 2022, the ERB also reviewed a multi-year tariff adjustment application from ZESCO for the period 2023 to 2027. Following a preliminary review of the application by the ERB, the application was found not to have complied with the Tariff Review Guidelines and therefore was deemed not duly lodged.

5.3 Status of the Electricity Cost of Service Study

The Ministry of Energy, Ministry of Finance and the Energy Regulation Board (ERB) held nationwide workshops in all 10 provinces in 2022 with the aim of presenting the findings of the Cost of Service Study and Government position on the findings and recommendations expressed in the Green Paper.

Following the countrywide consultations, the Government issued the White Paper which contains Government's final position on the recommendations of the study.

6 STAKEHOLDER ENGAGEMENT

In the year under review, the energy sector underwent several reforms within the petroleum and electricity sub-sectors. Clear and equitable communication to ensure understanding and effective dissemination of ERB's role and mandate to respective stakeholders which include Government, Cooperating Partners, Consumers, Licensees and the media was therefore critical.

The ERB utilised various communication platforms which included traditional media channels, exhibitions, awareness campaigns, workshops and social media platforms to ensure the Board meets stakeholder expectation of proactive communication and being transparent in decision-making processes.

Through the implementation of its Communication and Visibility Strategy (CVS) 2021-2025, the ERB witnessed a growing social media penetration which resulted in an increased use of ERB's digital platforms thereby generating better engagement with stakeholders.

6.1 Government

The following activities were carried out for purposes of engaging Government, as one of the key stakeholders in the energy sector:

6.1.1 Submission of Quarterly Reports

Performance reports highlighting all key activities undertaken by the ERB were submitted to the Ministry of Energy on a quarterly basis.

6.1.2 Parliamentary Discussion Forum

As part of its stakeholder engagement, the ERB held a Forum for Members of Parliament on 27th June, 2022. The objective of the meeting was to keep honourable members abreast with key developments in the energy sector.

6.2 Co-operating Partnerships

6.2.1 Communication and Visibility Strategy

In 2021, the ERB developed a CVS with technical support of National Association of Regulatory Utility Commissioners (NARUC). The purpose of a CVS is to develop tools for effective stakeholder communication. Following the development, the ERB participated in a NARUC virtual Peer-to-Peer Forum on the implementation of ERB CVS held on 12th and 13th April 2022.

6.2.2 Smart Grid Road Map

In March 2022, the ERB with the support of the French Government, held a stakeholders meeting to finalise the Smart Grid Road Map and identify projects that would prepare the country to implement smart grid technologies.

6.2.3 Mini Grid Regulatory Framework

The proposed amendments to the Energy Regulation (General) Regulations) S.I. No. 42 of 2021 includes the amendment of Regulation 27 to exempt of Mini Grids from heavy handed licensing requirements. The draft is undergoing review by Ministry of Energy and Ministry of Justice.

6.2.4 Multi Year Tariff Framework

The ERB with the technical assistance of the European Union (EU) through the Increased Access to Electricity and Renewable Energy Programme (IAEREP) is developing the Multi-Year-Tariff Framework (MYTF) for Zambia's electricity sector. In the period under review, the consultant submitted the final MYTF Rules to the Study Technical Team for consideration. The Rules were submitted for Management and Board approval respectively in Quarter 4 of 2022.

6.2.5 Open Access Regulatory Framework

The ERB with technical assistance from German Development Bank (KfW) through the Global Energy Transfer Feed-in Tariff (GETFIT) secretariat developed draft regulations for the establishment of the open access framework in line with section 52 (m) of the Electricity Act No. 11 of 2019. The draft regulations were submitted to the Ministry of Justice through the Ministry of Energy.

6.3 Consumers

Consumer protection is one of the key elements in the ERB's regulatory mandate. As such, the ERB undertook various activities aimed at sensitising consumers on their rights and obligations in order to engender confidence in the consumers to engage with the ERB. These activities included the following:

6.3.1 Consumer Awareness Programmes

The ERB continued its vigorous consumer awareness activities across the country aimed at sensitising the public about its mandate and functions. In 2022 the ERB held 43 awareness meetings which constituted exhibitions, workshops, town hall meetings and public hearings. In addition, the ERB conducted 48 awareness campaigns through the Mobile office which was deployed in high human traffic areas such as markets, schools, shopping malls, bus stops and taxi ranks. The facility was further employed at traditional ceremonies, shows, fairs and expositions for public sensitisation.

In 2022, a total of 91 Stakeholder Engagements were held compared to 40 in 2021 as represented in Table 6-1.

Table 6-1: Summary Statistics of Stakeholder Engagements conducted in 2022 and 2021

Stakeholder Engagement Type	No. of Engagements held in the year	
	2022	2021
Awareness Meetings	43	12
Mobile Office	48	28
Stakeholder Engagement Type	91	40

6.4 Engagement with Licensees

In addition, licensees were engaged on a wide range of matters affecting their operations in relation to regulatory issues in the energy sector. These engagements included:

6.4.1 Industry Meetings

These meetings were mainly targeted at licensed entities where regulatory information specific to the licensed activity was shared. Fourteen (14) industry meetings targeting players in the petroleum, electricity and renewable sub-sectors were held.

Table 6-2 shows the number of industry meetings held in 2022.

Table 6-2: Summary Statistics of Industry Meetings held in 2022 and 2021

Licensee category	2022 Meetings	2021 Meetings
Electricity	5	4
Petroleum	6	4
Renewable Energy	3	3
Total	14	11

6.4.2 Board Visits to Energy Infrastructure

In 2022, the ERB Board members toured energy facilities and held management meetings to familiarise themselves with operations and explore potential regulatory interventions. The facilities visited were:

- i) Maamba Collieries Limited;
- ii) Batoka Gorge Hydro Electric Scheme Project;
- iii) Victoria Falls Power Station;
- iv) Solwezi Fuel Depot;
- v) TAZAMA;
- vi) INDENI; and
- vii) CEC.

6.5 Media Engagements

In order to educate and disseminate its regulatory mandate and functions to all stakeholders, the ERB utilises traditional tools of communication such as press statements, responses to press queries, newspaper articles, radio programmes, adverts and television to reach out to its target audience.

6.5.1 TV and Radio Engagements

In 2022, a total of 403 media engagements were undertaken compared to 163 undertaken in 2021, representing an increase of 147% in activities undertaken. The increase from last year was mainly attributable to the proactive nature of information dissemination driven through an aggressive radio and television presence which was a key channel for information distribution to engage stakeholders. Table 6-3 highlights the media interactions undertaken during the year 2022 on a quarterly basis.

Table 6-3: Media Activities undertaken in 2022 and 2021

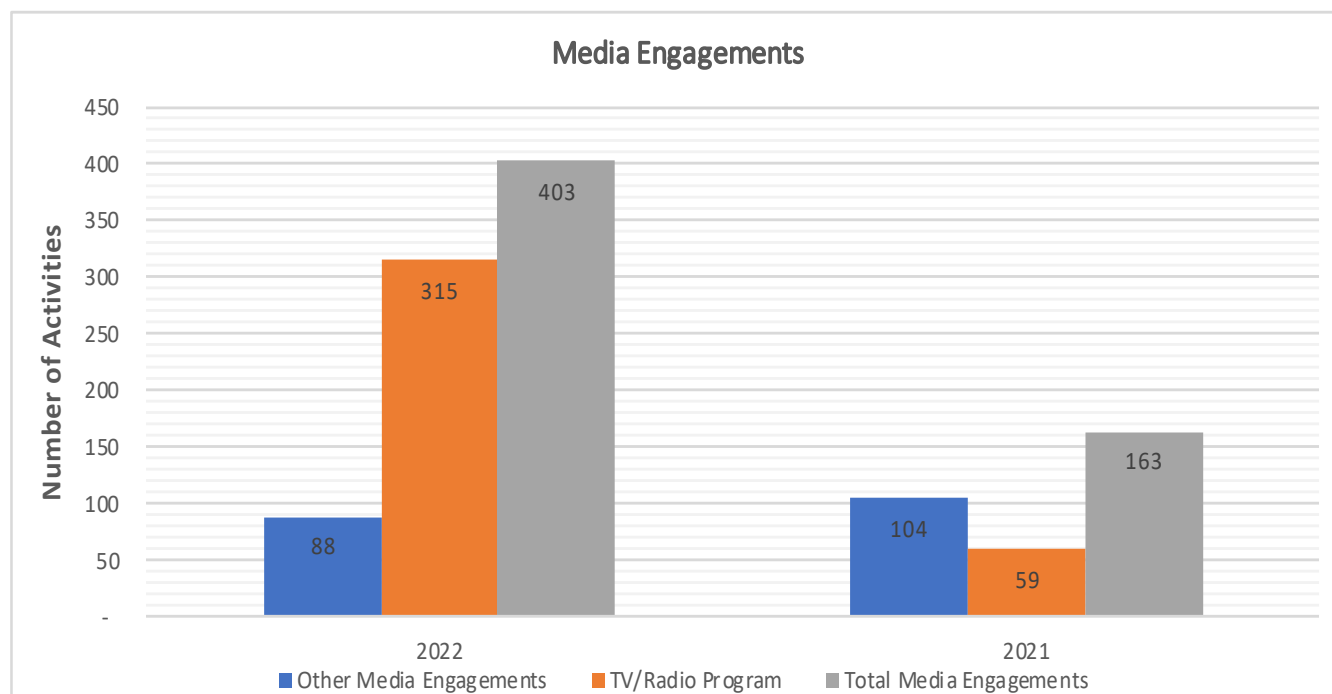
Period	Media Activity	No. of Activities	
		2022	2021
Quarter 1	Media Engagements ³	22	22
	TV/Radio Program	22	00
Quarter 2	Media Engagements	23	51
	TV/Radio Program	23	00
Quarter 3	Media Engagements	24	24
	TV/Radio Program	201	46
Quarter 4	Media Engagements	19	07
	TV/Radio Program	69	13
Total		403	163

The 403 media engagements included 88 press queries, statements and newspaper articles, while the other 315 engagements comprised of adverts, radio and television programmes covering various regulatory matters on energy related issues that included pricing of petroleum products, consumer protection and electricity connection charges reviews.

³ Media Engagements relate to other engagements such as briefings, press statements, media tours, press queries and newspaper adverts and articles.

A break-down between the two broad categories of media engagements is given in Figure 6-1.

Figure 6-1: Media Engagements undertaken in 2022 compared to 2021



6.5.2 Media Workshop

Though the ERB's CVS emphasises increased use of digital platforms, mainstream media still remains a priority communication channel to effectively deliver a clear and consistent narrative that articulates ERB's mandatory roles and responsibilities. The ERB noted that despite various interactions with the media, there was still a gap existing between the two parties which resulted in misrepresentation and underreporting. The ERB in March 2022 held a Media Workshop for 25 media personnel from both print and electronic media to enhance journalists' knowledge and understanding of energy regulation issues. The training focused on pricing of fuel, safe wiring of premises, and wayleave code of practice and grading of service stations, among others, in order to dispel common energy regulation misconceptions.

6.5.3 Annual Media Awards

In order to continually nurture and strengthen media relations, the ERB presents Energy Media Awards for deserving media personnel as a way of motivating and recognising the role journalists play in the dissemination of energy related information. The ERB has noted that the Energy Media Awards have promoted innovative consistent media coverage of the energy sector particularly from an energy regulatory perspective. During the period under review, six journalists were awarded for outstanding energy related articles published and programmes aired in the three media categories namely: Print Media, Television and Radio.

6.6 Social Media

The ERB continued to use social media to actively engage the public during the year under review. The Facebook, LinkedIn and Twitter platforms have provided an interactive two-way communication

channel with targeted audiences for effective engagement with the public and key stakeholders.

6.6.1 Facebook

The ERB Facebook page grew exponentially in recognition and has become a reliable source of information among stakeholders. Based on the statistics from monitoring the page, a total of 2,163,033 people were reached during 2022 compared to 299,105 reaches in 2021 as shown in Table 6-4.

Table 6-4: ERB Facebook – Statistics analysis for 2022 and 2021

Period	Total No. of posts	Total No. of comments	Total no. of likes	Total no. of people reached
2022	210	5,951	27,409	2,163,033

6.6.2 LinkedIn/Twitter

In response to recommendations of the CVS for the period 2021–2025 on increased ERB social media presence, in 2022, the ERB launched its LinkedIn and Twitter profiles.

LinkedIn and Twitter recorded steady growth with increased activity through the year 2022. A total of 97 and 76 posts were made on LinkedIn and Twitter, respectively. The followers at the end of 2022 stood at 607 for LinkedIn and 126 for Twitter.

6.7 Publications

The ERB continued disseminating information on key developments in the energy sector to stakeholders through various publications. The key publications for the year included the following:

- i) Annual Report 2021;
- ii) Energy Sector Report 2021;
- iii) Bi-Annual Corporate Newsletters;
- iv) Bi- Annual Statistical Bulletins;
- v) Monthly Staff Bulletins; and
- vi) Brochures

The publications listed above were distributed at different platforms which included: Mobile Office awareness programmes, energy related commemoration days, ERB Offices, online publications, business expositions, trade fairs and commercial shows, among others.

7 COMPLAINTS HANDLING

Section 4 of the Energy Regulation Act No. 12 of 2019 mandates the ERB to receive, investigate and determine complaints arising from the provision of products and services in the energy sector. The ERB continued to determine complaints that were received during the period under review.

7.1 Consumer Complaints

During the period under review, the ERB handled 471 complaints and facilitated for the resolution of 278 as at 31st December, 2022 representing a resolution rate of 59% compared to 42% recorded in 2021. The increase in the resolution rate was attributable to enhanced sensitisation on complaints procedures, complaints meetings and enforcement actions against the erring licensees.

The total number of outstanding complaints as of December 2022 was 193, out of which 179 complaints were delayed connections from the electricity sub-sector and 14 from the petroleum sub-sector.

Table 7-1 below gives a summary of the complaints handled in 2022.

Table 7-1: Statistics of Complaints Received and Resolved by the ERB in 2022

	Sub-Sector	Received	Resolved	Pending	Resolution Rate (%)
2022	Electricity	600	241	359	40%
	Petroleum	32	26	6	81%
	Renewable Energy	2	1	1	50%
	Total	634	268	366	42%
2021	Electricity	428	249	179	58.2%
	Petroleum	43	29	14	67.4%
	Renewable Energy	-	-	-	-
	Total	471	278	193	59.02%

7.2 Complaints Meetings Held

In order to expedite resolution, complaints meetings were held to address complaints that remained unresolved beyond agreed timeframes. During the meetings, both licensees and complainants were invited to appear before the ERB Complaints Committee to make submissions aimed at securing closure. In light of the above, a total of 23 complaints meetings were held in 2022, out of which 13 were under the electricity subsector while 10 were related to the petroleum subsector. Resulting from the meetings, 181 complaints were heard and 98 were resolved Table 7-2 reflects the number of complaints heard during complaints meetings.

Table 7-2: Total Complaints heard during Complaints Meetings

Sub-sector	Complaints Discussed	Complaints Resolved
Electricity	171	93
Petroleum	10	5
Total	181	107

8 SUPPORT SERVICES

The ERB continues to recognise that provision of financial, human resource and information management systems is necessary for effective and efficient performance of the Institutional.

8.1 Procurement of Goods and Services

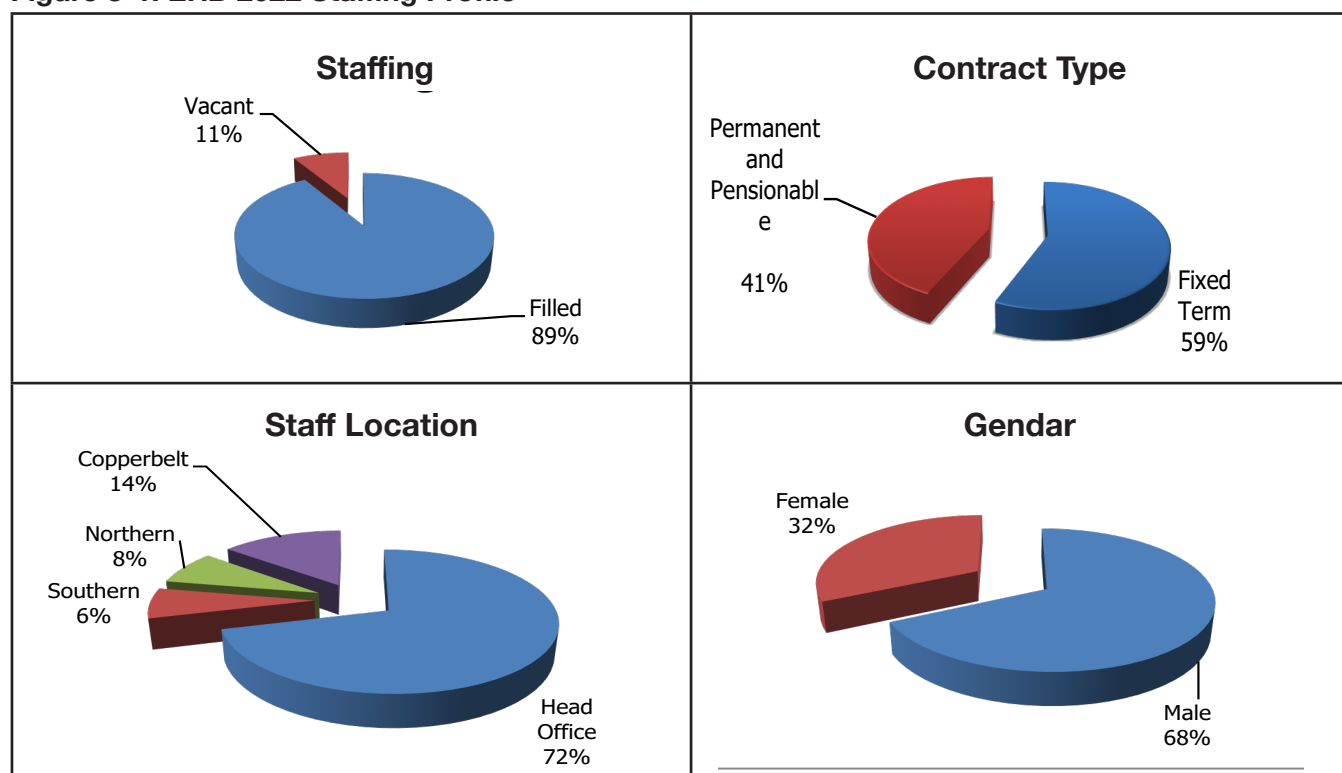
In accordance with the Public Procurement Act No. 12 of 2008 and the Annual Procurement Plan for the year 2022, the ERB procured goods and services amounting to ZMW20,974,246.40 to support operations of the Institution.

8.2 Human Resource and Administration

8.2.1 Establishment Profile

During the period under review, the ERB had an approved staff establishment of 141, of which 126 positions were filled, representing 89% of the total establishment. The staffing profile is highlighted in Figure 8-1.

Figure 8-1: ERB 2022 Staffing Profile



8.2.2 Staff Movements

The ERB recorded a number of staff movements in the year, as depicted in Table 8-1.

Table 8-1: ERB staff movements for the period 2021 to 2022

Description	Number of Staff in year	
	2022	2021
Recruitments	4	2
Promotions	3	1
Lateral Transfers	7	1
Staff Attrition	4	4
Secondments	7	-

8.2.3 Staff Training and Development

The ERB recorded a total number of 13 short intensive trainings and a total of 82 staff participated.

8.2.4 Administration Matters

8.2.4.1 Review of Collective Agreement

The ERB and the National Energy Sector Allied Workers Union (NESAWU) met to negotiate and agree on the 2023–2024 Collective Agreement as the current agreement was expiring on 31st December, 2022. The negotiation was concluded and submitted to the Emoluments Commission for final approval.

8.2.4.2 Review of the Performance Management Policy

The ERB reviewed the Reward and Performance Management Policy by introducing a stand-alone policy on performance management with a revised assessment tool and weighting system. The system is scheduled for implementation in 2023.

8.2.4.3 Fleet Management

In response to the inherent challenges of maintaining an ageing fleet of vehicles, the ERB began the process of replacing these vehicles. The process resulted in four vehicles being procured with three new ones being delivered and assigned for operations during the period under review. More vehicles are expected in the ensuing year(s).

8.2.4.4 Health and Safety

In order to adhere to Occupational health and safety standards, the ERB trained Health and Safety Marshals to provide support at Head Office and the regions. In addition, the Institution continued to be vigilant in the fight against COVID 19.

8.3 Information and Communications Technology activities

During the period under review, the ERB undertook a number of Information and Communications Technology (ICT) activities aimed at enhancing responsiveness to internal and external communication, data and information processing and risk awareness, among others.

8.3.1 Management Information System

In order to enhance operational efficiency and effectiveness, the ERB in July 2022 launched an automated bespoke Management Information System (MIS) comprising Complaints Handling, Licensing, and Non-Tax Revenue (returns submission) modules. The systems can be accessed by visiting: www.erb.org.zm under *Online Services*.

8.3.1.1 Licensing Module

The ERB automated the Licensing process for various licenses and permits. The electronic licensing system allows individuals or businesses to apply, renew, and manage licenses online. The system has been designed to streamline the process of obtaining licenses and permits by automating various tasks such as application processing, fee collection, and communication with applicants. The automation of this process is also aimed at helping to reduce the administrative burden on the ERB and improve compliance monitoring. The system provides for status tracking and updates on the progress of the license/permit application.

The electronic licensing systems can be accessed from anywhere with an internet connection by visiting the ERB Website (www.erb.org.zm) under the Online Services menu. The implementation of this system has improved access to licenses and permits for individuals and businesses, eliminating the need to physically visit the ERB premises.

Overall, the electronic licensing system offers many benefits to both the ERB and applicants/licensees by improving efficiency, reducing errors, and increasing transparency in the licensing process while also providing better access and customer service.

8.3.1.2 Complaints Handling Module

The ERB has developed an online complaint management system which is a software application designed to help the institution manage customer complaints and feedback received through various channels, such as email, phone, social media, and website forms. The system maintains a database of all complaints received and generates a unique ticket number for each complaint and further assigns it to the concerned department or team. The system automates the complaint handling process, from ticket assignment to resolution, by setting up workflows and rules. The system generates reports and analytics to help the Institution track complaint trends, identify recurring issues, and measure customer satisfaction.

Some of the benefits from this automation are:

1. Improved customer satisfaction: The system ensures that customer complaints are addressed promptly and efficiently, leading to improved customer satisfaction.
2. Streamlined complaint handling: The system automates the complaint handling process, reducing the time and effort required to manage complaints.
3. Better insights: The system generates reports and analytics that help the ERB identify recurring issues and areas for improvement.
4. Increased transparency: The system provides transparency to customers by keeping them informed about the status of their complaints.
5. Better collaboration: The system enables collaboration among different teams and departments involved in complaint resolution, leading to better outcomes.

Overall, this complaint management system is aimed at providing excellent customer service and improved customer satisfaction.

8.3.1.3 Non-tax Revenue Module (Submission of Returns)

The ERB has developed and rolled out an online non-tax revenue returns submission; a digital platform that allows licensees to submit their non-tax revenue returns electronically to the ERB. These returns include SRF, ESF, fuel marking, and licence fees.

The online non-tax revenue returns submission system simplifies the process of submitting these returns and reduces the administrative burden on both licensees and the ERB. With this system, licensees can submit their returns at any time and from any location, if they have access to the internet. The ERB can also process the returns more efficiently and accurately, reducing the likelihood of errors or delays in processing.

8.3.2 MIS Stakeholder Engagements

As part of stakeholder awareness on the MIS, the ERB made a presentation to the various industry stakeholders in attendance during the Petroleum and Renewable Energy Industry Meetings held in September 2022. During the meetings stakeholders were oriented on the use of the key features

and functionality of the MIS such as, the licence application and renewal process and filing of monthly returns.

8.3.3 MIS Uptake Statistics for 2022

Following the launch of the MIS, stakeholders in the energy sector continued to utilize the online platform. As at December 2022, the ERB received 33 complaints through the system. Further, out of 172 registered licensees, 166 filed returns online for the period December 2022.

8.3.4 Enhancement of ICT Security

In the year under review, a new network security system was implemented and commissioned to enhance the overall security posture of the ERB ICT systems and information particularly in light of the launch of the online services to the public in July 2022.

8.3.5 Cyber Security Awareness

During the period under review, security awareness bulletins were published to the staff as part of a security education program through which staff were educated on cyber security threats. Cybersecurity awareness refers to end-users' understanding of cyber security threats that their networks are exposed to, the risks they introduce, and best practices for mitigating these risks.

8.3.6 Disaster Recovery and Business Continuity Strategy

The ERB continued to enhance its Disaster Recovery and Business Continuity services in order to ensure continuity and availability of systems. The following activities were performed:

8.3.6.1 Testing and Verification of the Disaster Recovery Plan

In 2022, the ERB performed quarterly backup and disaster recovery audits for critical ICT systems. The goal of the exercise was to ensure that critical applications, systems and associated data items can be recovered.

8.3.6.2 Enhancement of Power Backup System for the Server Room

During the period under review, a power backup system was implemented and commissioned in the ICT Server Room to ensure availability of online services. The system ensures stable power supply to the ICT Server Room in the event of a power outage on the utility.

8.4 Internal Audit and Assurance

Internal Audit continued to undertake audit activities aimed at providing independent assurance to Board of Directors and Management on the effectiveness, efficiency and adequacy of established institutional systems of risk management, governance and internal controls. The audits focused on key operational and financial functions of the institution to ensure compliance with applicable laws, regulations, standards, policies and procedures.

In 2022, ten out of 11 approved audit assignments were undertaken, representing an execution rate of 91% compared to 88% achieved in 2021. Audits undertaken were based on the annual internal audit plan approved by the Board of Directors. The implementation of audit assignments undertaken during the year under review against the plan is presented in Table 8-2.

Table 8-2: Summary of Internal Audits undertaken, 2021-2022

Year	2022	2021
Number of planned audits	11	8
Number of planned audits executed	10	7
Number of audits executed brought forward from previous year	1	0
Percentage of audits executed against planned	91%	88%

8.7 Risk Management

The ERB continued to undertake Enterprise Risk Management in line with ISO 31000 of 2018 in its operations which included the updating of the departmental and institutional risk register on a bi-annual basis. In addition, in order to build capacity on risk management, a training of EXCO was undertaken from 27th–28th December, 2022 by Digital Safe Limited. The purpose of the training was to appraise EXCO members on the following:

- i) Enhance understanding on the importance of Risk Management in the institution and implementation of Strategic Business Plan;
- ii) ISO 31000 risk management principles;
- iii) Defining the Risk Appetite, risk capacity, risk indicators;
- iv) Development of Risk Management Framework to enhance risk assessments;and
- v) Risk Governance: Three lines of Defence Model.

9 INSTITUTIONAL PERFORMANCE

The end of year institutional performance of the ERB was assessed relative to the 2022 Institutional KPIs. The Institution scored 87% against the 2022 KPI institutional performance target of 85% which entails that the performance was above target. Appendix 5-1 provides a detailed breakdown of the performance ratings against each target.

APPENDICES

Appendix 1-1: Composition of the Board

Member	Position	Date Appointed	Comment/Note
Mr. Reynolds C. Bowa	Chairperson	14 th December 2021	-
Mr. James Banda	Vice Chairperson	27 th May 2022	-
Mr. Gilbert Phiri	Member	14 th December 2021	Resigned April 2022
Mr. Noel Nkhoma	Member	14 th December 2021	Resigned March 2022
Mr. Nang'alelwa Sitwala	Member	14 th December 2021	Resigned February 2022
Ms. Karen Banda	Member	14 th December 2021	-
Mr. Banji Kalenga	Member	14 th December 2021	-
Mr. Michael Kachumi	Member	14 th December 2021	-
Dr. Mususu Kaonda	Member	5 th May 2022	-
Mrs. Jane Musonda Mulenga	Member	5 th May 2022	-

Appendix 1-2: Composition of the five Board Committees

Membership of Audit and Risk Committee

Member	Position	Date Appointed	Comment/Note
Mr. Michael Kachumi	Chairperson	5 th January 2022	-
Mr. Gilbert Phiri	Member	5 th January 2022	Resigned April 2022
Mr. James Banda	Member	28 th July 2022	-
Mr. Boniface M. Chitambala	Member	5 th January 2022	-
Mr. Shuko Ndhlovu	Member	5 th January 2022	-
Ms. Patricia Hantumba	Member	5 th January 2022	-

Membership of the Consumer Affairs Committee

Member	Position	Date Appointed	Comment/Note
Mr. Noel Nkhoma	Chairperson	5 th January 2022	Resigned March 2022
Mrs. Jane M. Mulenga	Chairperson	26 th May 2022	-
Ms. Karen Banda	Member	5 th January 2022	-
Ms. Monica Chisela	Member	5 th January 2022	Resigned April 2022
Ms. Rita Mkandawire	Member	3 rd May 2022	-
Mr. Bwanga Kapumpa	Member	5 th January 2022	-
Mr. Chisebwe Fumbeshi	Member	5 th January 2022	-

Membership of the Finance, Human Resource and Administration Committee

Member	Position	Date Appointed	Comment/Note
Ms. Karen Banda	Chairperson	24 th December 2021	-
Mr. Noel Nkhoma	Member	24 th December 2021	Resigned March 2022
Mrs. Jane M. Mulenga	Member	26 th May 2022	-
Mr. Jack Sievu	Member	24 th December 2021	-
Mr. Kelvin Shamizhinga	Member	24 th December 2021	-
Mr. Teddie Mwale	Member	24 th December 2021	-

Membership of Technical Committee

Member	Position	Date Appointed	Comment/Note
Mr. Banji Kalenga	Chairperson	5 th January 2022	-
Mr. Nang'alelwa Sitwala	Member	5 th January 2022	Resigned January 2022
Dr. Mususu Kaonda	Member	26 th May 2022	-
Dr. Bernard Tembo	Member	5 th January 2022	-
Mr. Charles Mukuka	Member	5 th January 2022	-
Mr. John Chirwa	Member	5 th January 2022	-

Membership of Licensing Committee

Member	Position	Date Appointed	Comment/Note
Mr. Nang'alelwa Sitwala	Chairperson	5 th January 2022	Resigned January. 2022
Dr. Mususu Kaonda	Chairperson	26 th May 2022	-
Mr. Gilbert Phiri	Member	5 th January 2022	Resigned April 2022
Mr. Michael Kachumi	Member	April 2022	-
Mr. James Banda	Member	28 th July 2022	-
Mr. Namakando Mukelabai	Member	5 th January 2022	Resigned April 2022
Mr. Eugene Kalesha	Member	5 th January 2022	-
Mr. Moses Chatulika	Member	5 th January 2022	-
Ms. Michelle Mwiinga	Member	April 2022	-

Appendix 1-3: Number of Board Meetings

Regulatory, Administrative and Special Board Meetings

Type of Meeting	Number Scheduled	Number Held
Administrative	4	4
Regulatory	4	4
Special Administrative	8	3
Special Regulatory		14
Total	16	26

Details of attendance for the Administrative Board Meetings held in 2022

Name	Meetings Held	Attended	Comment/Note
Mr. Reynolds C. Bowa	4	4	-
Mr. James Banda*	4	2	-
Mr. Banji Kalenga	4	4	New appointment
Mr. Michael Kachumi	4	4	-
Mr. Gilbert Phiri	4	1	Resigned
Ms. Karen Banda	4	4	-
Mr. Sitwala Nangalewa	-	-	Resigned
Mr. Noel Nkhoma	4	1	Resigned
Dr. Mususu Kaonda*	4	3	New appointment
Mrs. Jane M. Mulenga*	4	3	New appointment

*Mr. James Banda missed the meetings because he was appointed on 27th May, 2022

*Dr. Mususu Kaonda and Mrs. Jane M. Mulenga missed the meetings because they were only appointed on 5th May, 2022

Details of attendance for the Special Administrative Board Meetings held in 2022

Name	Meetings Held	Attended	Comment/Note
Mr. Reynolds C. Bowa	4	4	-
Mr. James Banda	4	1	Missed one
Mr. Banji Kalenga	4	4	-
Mr. Michael Kachumi	4	4	-
Mr. Gilbert Phiri	4	1	Resigned
Ms. Karen Banda	4	4	-
Mr. Sitwala Nangalewa	4	-	Resigned
Mr. Noel Nkhoma	4	2	Resigned
Dr. Mususu Kaonda	4	2	New appointment
Mrs. Jane M. Mulenga	4	2	New appointment

Details of attendance for the Regulatory Board Meetings held in 2022

Name	Meetings Held	Attended	Comment/Note
Mr. Reynolds C. Bowa	4	4	-
Mr. James Banda*	4	2	New Appointment
Mr. Banji Kalenga	4	4	-
Mr. Michael Kachumi	4	4	-
Mr. Gilbert Phiri	4	1	Resigned
Ms. Karen Banda	4	4	-
Mr. Sitwala Nangalewa	4	-	Resigned
Mr Noel Nkhoma	4	2	Resigned
Dr. Mususu Kaonda	4	3	New appointment
Mrs. Jane M. Mulenga	4	3	New Appointment

*Mr. James Banda missed the meetings because he was appointed on 27th May, 2022

Details of attendance for the Special Regulatory Board Meetings held in 2022

Name	Meetings Held	Attended	Comment/Note
Mr. Reynolds C. Bowa	13	13	-
Mr. James Banda*	13	9	New Appointment
Mr. Banji Kalenga	13	13	-
Mr. Michael Kachumi	13	13	-
Mr. Gilbert Phiri	13	4	Resigned
Ms. Karen Banda	13	13	-
Mr. Sitwala Nangalewa	13	1	Resigned
Mr Noel Nkhoma	13	4	Resigned
Dr. Mususu Kaonda	13	9	-
Mrs. Jane M. Mulenga	13	8	Missed one

*Mr. James Banda missed the meetings because he was appointed on 27th May, 2022

Appendix 1-4: Number of Committee Meetings

Number of Committee Meetings held in 2022

Committee	Scheduled Meetings	Meetings Held	Special Meetings
Audit and Risk	4	4	1
Consumer Affairs	4	4	-
Finance, Human Resource and Administration	4	4	3
Technical	4	4	1
Licensing	12	12	-
Combined Audit and Risk and Finance, Human Resource & Administration	4	1	1
Total	32	28	6

Details of attendance for the Audit and Risk Committee Meetings held in 2022

Name	Scheduled	Held	Attended	Special Meetings Attended	Comment/Note
Mr. Michael Kachumi	4	4	4	1	-
Mr. Noel Nkhoma	4	4	1	-	Resigned
Mr. James Banda*	4	4	2	-	New Appointment
Mr. Gilbert Phiri	4	4	2	1	Resigned
Ms. Patricia Hantumba	4	4	4	1	-
Mr. Shuko Ndhlovu	4	4	4	1	1
Mr. Boniface Chitambala	4	4	4	1	-

*Mr. James Banda missed the meetings because he was appointed on 27th May, 2022

Details of attendance for the Consumer Affairs Committee Meetings held in 2022

Name	Scheduled	Held	Attended	Comment/Note
Mr. Noel Nkhoma	4	4	2	Resigned
Ms. Karen Banda	4	4	4	-
Mrs. Jane M. Mulenga*	4	4	2	New Appointment
Ms. Monica Chisela	4	4	1	Resigned
Ms. Rita Mkandawire	4	4	3	Missed one
Mr. Bwanga Kapumpa	4	4	3	Missed one

*Mrs. Jane. M. Mulenga missed the meetings because she was appointed on 5th May 2022

Details of attendance for the Finance, Human Resources and Administration Committee Meetings held in 2022

Name	Scheduled	Held	Attended	Comment/Note
Ms. Karen Banda	4	4	4	-
Mr. Noel Nkhoma	4	4	2	Resigned
Mrs Jane M. Mulenga*	4	4	2	New Appointment
Mr. Jack Sievu	4	4	4	-
Mr. Kelvin Shamizhinga	4	4	4	-
Mr. Teddie Mwale	4	4	4	-

*Mrs. Jane. M. Mulenga missed the meetings because she was appointed on 5th May 2022

Details of attendance for the Technical Committee Meetings held in 2022

Name	Scheduled	Held	Attended	Comment/Note
Mr. Banji Kalenga	4	4	4	-
Mr. Nang'alelwa Sitwala	4	4	-	Resigned
Dr. Mususu Kaonda	4	4	2	-
Dr. Bernard Tembo	4	4	4	-
Mr. Charles Mukuka	4	4	3	Missed one
Mr. John Chirwa	4	4	4	-

Details of attendance for the Licensing Committee Meetings held in 2022

Name	Scheduled	Held	Attended	Comment/Note
Mr. Nang'alelwa Sitwala	12	12	1	Resigned
Dr. Mususu Kaonda	12	12	7	-
Mr. Michael Kachumi	12	12	8	-
Mr. Gilbert Phiri	12	12	4	Resigned
Mr. James Banda	12	12	4	Missed one
Mr. Namakando Mukelabai	12	12	4	Resigned
Mr. Eugene Kalesha	12	12	12	-
Mr. Moses Chatulika	12	12	12	-
Ms. Michelle Mwiinga	12	12	8	-

Details of attendance for the Combined Meeting of the Audit and Risk and the Finance, Human Resource and Administration Committee held in 2022

Name	Scheduled	Held	Attended	Missed
Mr. Michael Kachumi	1	1	1	-
Mr. James Banda	1	1	-	-
Mr. Gilbert Phiri	1	1	1	-
Ms. Karen Banda	1	1	1	-
Mr. Noel Nkhoma	1	1	1	-
Mrs Jane M. Mulenga	1	1	-	-
Ms. Patricia Hantumba	1	1	1	-
Mr. Shuko Ndhlovu	1	1	1	-
Mr. Boniface Chitambala	1	1	1	-
Mr. Jack Sievu	1	1	1	-
Mr. Kelvin Shamizhinga	1	1	1	-
Mr. Teddie Mwale	1	1	1	-

Appendix 1-5: Summary Attendance of Board Meetings

Attendance of Committee Meetings

Member	Committee	Number of Meetings
Mr. James Banda	ARC	2
	LC	4
Mr. Michael Kachumi	ARC	6
	LC	8
Mr. Gilbert Phiri	ARC	4
	LC	4
Ms. Karen Banda	CAC	4
	FHRAC	8
Mrs. Jane M. Mulenga	CAC	2
	FHRAC	2
Mr. Noel Nkhoma	CAC	2
	FHRAC	3
Mr. Banji Kalenga	TC	5
Dr. Mususu Kaonda	LC	7
	TC	3
Mr. Sitwala Nang'alewa	LC	1
	TC	1
Mr. Boniface M. Chitambala	ARC	6
Mr. Shuko Ndhlovu	ARC	5
Ms. Patricia Hantumba	ARC	6
Mr. Bwanga Kapumpa	CAC	3
Ms. Monica Chisela	CAC	1
Ms. Rita Mkandawire	CAC	3
Mr. Jack Sievu	FHRAC	8
Mr. Kelvin Shamizhinga	FHRAC	8
Mr. Teddie Mwale	FHRAC	8
Mr. Eugene Kalesha	LC	12
Mr. Moses Chtulika	LC	12
Mr. Namakando Mukalebai	LC	4
Ms. Michelle Mwiinga	LC	8
Dr. Bernard Tembo	TC	5
Mr. Charles Mukuka	TC	4
Mr. John Chirwa	TC	5

Appendix 2-1: List of Solar PV Enterprises Audited in 2022

No.	Licensee
1.	Anqung Dongxia Zambia Construction and Installation
2.	Logos Industries Limited
3.	Nets and Watts Technologies Limited
4.	Centre for Infectious Disease Research in Zambia – Trading as VenYou Zambia
5.	Tumunike Solar Energy Limited
6.	Synergy Contracting Limited
7.	Hong Chen Construction Limited
8.	Waterman Pump Systems Limited
9.	BestBuy Lighting Limited
10.	Davis and Shirtliff Zambia Limited
11.	Direct Image Limited
12.	Namene Solar Zambia Limited
13.	Saro Agro Industrial Limited
14.	United Chemolide Industrial Zambia Limited
15.	Jan Japan Zambia Limited
16.	Suntech Appropriate Technology Limited
17.	E-Zan Life Limited
18.	Techmasters Zambia Limited
19.	Build Connect Zambia Limited
20.	Voltamp Electrical Sales Limited
21.	Green Tech Investments Limited
22.	Salfra Creative Mind Limited
23.	Solar Treasure Limited
24.	Big Five Investments Limited
25.	Pluchi General Dealers
26.	Power Link Solutions Limited
27.	Sandy's Creation Garden Centre and Landscaping
28.	Afritank Limited
29.	RS Prestige Catering and Winery
30.	Lunosa Company Limited
31.	Green Living Movement
32.	Su Hwan Cheng Sin Tech Zambia Limited
33.	Solar Point Limited
34.	Mach Innovations Limited
35.	Muhanya Solar Limited
36.	KCM Green Limited

No.	Licensee
37.	Black International
38.	Battery Empires Zambia Limited
39.	Baba Water and Energy Solutions Limited
40.	Handyman's Paradise Limited
41.	Magic Carpet Advertising and Promotion Limited
42.	Synwave Power Zambia Limited
43.	Necor Zambia Limited
44.	Sonergy Diagnostics Limited
45.	Smartnet Energy
46.	SolarAid Limited
47.	Mikalile Trading Limited
48.	Bric-Tech Construction Limited
49.	Engie Energy Access
50.	Timbuktu Zambia Limited
51.	Africa Mobile Networks Zambia Limited
52.	Solarquest Zambia Limited
53.	Home Power Investments Limited
54.	Ashfield Resources Zambia Limited
55.	WidEnergy Africa Limited
56.	Emerging Cooking Solutions Limited
57.	Eccentric Engineering Limited
58.	Little Sun Zambia Limited
59.	Laatu Energy Solutions Limited
60.	Hashtag Direct Solutions Limited
61.	Edulution Zambia Limited
62.	K-Fada Import and Export Limited now T/A Powerback Energy Solutions
63.	Electrical Maintenance Lusaka Limited
64.	Vew Investments Limited
65.	Green Energy Distributors Limited
66.	Battery King Investments Limited
67.	Tropical Products Zambia
68.	Climate Management Limited
69.	Finecop Enterprises Limited
70.	Greenfields Energy Corporation Limited
71.	RDG Collective Limited
72.	Chloride Zambia Limited
73.	Solotech Limited
74.	Azuri Technologies Limited

No.	Licensee
75.	Tera Firma Technology Limited
76.	Mach Innovations Limited
77.	Dasolar Zambia Limited
78.	Trans African Supply Services Limited
79.	Designers Limited
80.	Priya Educational Solutions Limited
81.	Mercury Assets Management Limited
82.	Power Link Solutions Limited
83.	ID Solar Solutions Limited
84.	Tiambo International Company Limited
85.	Miyazi Investments Limited
86.	Riders Energy Zambia Limited
87.	Rent to Own Zambia Limited
88.	Spagris Zambia Limited
89.	BayWa r.e. Zambia Limited
90.	Afrigreen Limited
91.	Gleco Enterprise Limited
92.	Agricon Zambia Limited
93.	Ruhani Enterprises Limited
94.	Nicholas Carlo Comana Trading Limited
95.	Toyo Agro and Motorcycles Limited
96.	Kaystech Zambia Limited
97.	Rekay's Farming and Building Supplies Ltd
98.	Kawaida Collaborative Limited
99.	Geoma Enterprises Limited
100.	Solar Village Solutions Zambia Limited
101.	Elect Power Technologies Limited
102.	Greenlight Planet Zambia Limited
103.	Prudentli General Dealers Limited
104.	Neelkanth Metals Limited
105.	North Voltage Engineering Limited
106.	Tubaa Trade Limited
107.	W&H Solar Ventures
108.	Nisden Investments Limited
109.	Australia Africa Export and Mining Solutions Limited
110.	Fres Electric Limited

Appendix 3-1: Types of Licences Issued by the ERB

Petroleum Licences

Licence	Validity (years)
Wholesale Oil Marketing	1.5
Road Transportation of Petroleum Products	3
Importation of Lubricants	3
Transportation of LPG in Bulk and in Cylinders	3
Distribution, Import and Export of Petroleum Products	5
Retail of Petroleum Products	5
Bulk Distribution, Import and Export of LPG (Combined Licence)	5
Retail of LP Gas in Cylinders	5
Terminal Storage of Petroleum Products	10
Refining of Crude Oil	15
Pipeline Transportation of Crude Oil	30
Importation of Petroleum Feedstock	5
Blending and Packaging of Lubricants	10

Electricity licences

Licence	Validity (years)
Embedded Generation of Electricity	5
Generation for Own Use	5
Supply of Electricity	5
System Operator Licence for the Operation of the Zambian Interconnected Power System	5
Distribution of Electricity	15
Combined Licence to Generate, Distribute and Supply Electricity (Off -Grid)	20
Generation of Electricity	30
Transmission of Electricity	30

Renewable Energy Licences

Licence	Validity (years)
Blending of Bio-fuels	5
Manufacture, Wholesale Importation and Installation of Solar Energy Systems	5
Production of Bio-fuels	5

Appendix 4-1: Summary of Enforcement Hearings

No.	Licensee	Date of Enforcement Hearing	Nature of Breach	ERB Decision (Penalty/Fines in ZMW)
1	Exclusive Brands Africa Limited	11/01/2022	Applied for renewal of combined LPG licence 3 months before expiry contrary to clause 6 of the licence conditions which requires application for be renewal to be done 6 months before expiration of the licence	Fined 6,000
2	Juba Transport Limited	11/01/2022	Licensee did not submit comprehensive incident report within 7 days of the occurrence of the accident involving Tanker enroute from Mozambique to Zambia in line with clause 2.1.4 (c) of the licence to transport petroleum products	Reprimand
3	Mpanshya Oil Transporters Limited	14/01/2022	1. Licensee did not submit comprehensive incident report within 7 days of the occurrence of the accident involving Tanker enroute from Mozambique to Zambia in line with clause 2.1.4 (c) of the licence to transport petroleum products 2. Operating road tank vehicle not in authorised appendix contrary to clause 2.1.1 of the licence condition	Fined 10,000
4	Mount Meru Petroleum (Z) Limited	18/01/2022	Failure to notify the ERB on notifiable Incidents within stipulated time frame contrary to clause 3.1.2 of their Licence to retail petroleum products	20,000
5	U-Fuel Zambia Limited	20/01/2022	Operating without a Licence to Retail Petroleum Products	Fined 35,000 compounded
6	Simba Oil Company Zambia Limited	24/01/2022	Failure to submit returns in line with conditions of licence to retali petroleum products	Fined 20,000
7	Amideast Enterprises Limited (Oleum Energy Limited)	26/01/2022	Failure to submit returns in line with conditions of licence to distribute, import and export petroleum products	Fined 20,000
8	Lake Petroleum Limited	31/01/2022	Constructing an Energy Facility without a construction permit in Katete District of Eastern Province	Fined 35,000 compounded
9	Apex Energies Limited	22/02/2022	Non-submission of returns contrary to conditions of licence to distribute, import & export of petroleum products	Fined 20,000 Outstanding

No.	Licensee	Date of Enforcement Hearing	Nature of Breach	ERB Decision (Penalty/Fines in ZMW)
10	Vivo Energy (Z) Limited	15/03/2022	Breach of condition 4.4 of construction permit: <i>If the project includes installation of underground tanks, the permit holder shall apply to the ERB in writing for the burial consent. In this regard, the permit holder shall not bury the tanks and pipe work without the written approval of the ERB</i>	Fined 90,000
11	Oryx Energies Limited	22/03/2022	1. Clause 3.1.2 – The Licensee shall not vary the total licensed capacity of the licensed premises or facilities without prior written authority of the ERB; 2. Clause 3.4.1 – The Licensee shall obtain prior written approval from the ERB in respect of the siting or decommissioning of facilities, plant or installation to be used for the purposes of the licensed activity; and 3. Clause 3.4.4 – The Licensee shall not construct or commission any storage and/or dispensing facilities and related facilities at any of the Licensed premises or facilities without the prior written authority of the ERB.	Fined 45,000
12	Mount Meru Petroleum (Z) Limited	22/03/2022	Commissioning an energy facility without prior written authority from the ERB	Fined 75,000
13	Karan Investments (Z) Limited	25/03/2022	(i) Karan has breached a directive of the ERB (ii) clause 9.12 of the Wayleave Code of Practice <i>“storage and handling of flammable liquid or gases is not permitted within 30m from the centre of the distribution line for voltage levels between 11kV and 66kV, the required clearance is 30 metres.”</i>	Fined 45,000
14	Rubis Energy Limited	18/03/2022	Rubis did not follow a directive from the ERB not to begin construction works without submitting the following: (i) Documentary evidence from the Road Development Agency for road infringement prior to commencement of construction works; and (ii) Copy of approval of the planning permission with consistent plot numbers as contained in the other documents prior to commencement of construction works.	Fined 12,000
15	City Junction Limited	25/03/2022	Implemented the Canopy variations without prior approval contrary to clause 3.2 of their Construction Permit conditions	Fined 45,000

No.	Licensee	Date of Enforcement Hearing	Nature of Breach	ERB Decision (Penalty/Fines in ZMW)
16	Mesaka Energy Limited	30/03/2022	Licensee failed to submit monthly returns as per clause 3.4 of their combined license conditions	Fined 20,000
17	Bulavilla Investments Limited	07/03/2022	Operating a road tank vehicle without a transportation Licence contrary to section 10 of the Energy Regulation Act No. 12 of 2019	Reprimand
18	Kasgon Energy Limited	07/03/2022	Engaging in the retail of petroleum products without a Retail Licence from the ERB contrary to Section 10 of the Energy Regulation Act No. 12 of 2019	Reprimand
19	Engen Petroleum Zambia Limited	07/03/2022	Failure to provide compressed air services at licensed premises contrary to clause 4.3.1 of their Retail Licence	Reprimand
20	SGC Investments Limited	07/03/2022	Parking of road tank vehicles in undesignated areas contrary to clause 6.4.2 (b) and (c) ZS Transportation of Petroleum Products : Operational Requirements for Road Tank Vehicles - Code of Practice 372	Fined 30,000
21	Alfa Haulers Zambia Limited	07/03/2022	Parking of road tank vehicles in undesignated areas contrary to clause 6.4.2 (b) and (c) ZS Transportation of Petroleum Products : Operational Requirements for Road Tank Vehicles - Code of Practice 372	Fined 30,000
22	Alfa (Z) Limited	07/03/2022	Parking of road tank vehicles in undesignated areas contrary to clause 6.4.2 (b) and (c) ZS Transportation of Petroleum Products : Operational Requirements for Road Tank Vehicles - Code of Practice 372	Fined 30,000
23	Ngucha Enterprises Limited	07/03/2022	Parking of road tank vehicles in undesignated areas contrary to clause 6.4.2 (b) and (c) ZS Transportation of Petroleum Products : Operational Requirements for Road Tank Vehicles - Code of Practice 372	Acquitted Applicant submitted valid fire certificate
24	Admire Energy Limited	07/03/2022	Parking of road tank vehicles in undesignated areas contrary to clause 6.4.2 (b) and (c) ZS Transportation of Petroleum Products : Operational Requirements for Road Tank Vehicles - Code of Practice 372	Fined 30,000
25	Qeight Trading And Construction Limited	07/03/2022	Parking of road tank vehicles in undesignated areas contrary to clause 6.4.2 (b) and (c) ZS Transportation of Petroleum Products : Operational Requirements for Road Tank Vehicles - Code of Practice 372	Fined 30,000

No.	Licensee	Date of Enforcement Hearing	Nature of Breach	ERB Decision (Penalty/Fines in ZMW)
26	Blue Zebra Limited	07/03/2022	Parking of road tank vehicles in undesignated areas contrary to clause 6.4.2 (b) and (c) ZS Transportation of Petroleum Products : Operational Requirements for Road Tank Vehicles - Code of Practice 372	Fined 30,000
27	Juba Transport Limited	07/03/2022	Parking of road tank vehicles in undesignated areas contrary to clause 6.4.2 (b) and (c) ZS Transportation of Petroleum Products : Operational Requirements for Road Tank Vehicles - Code of Practice 372	Fined 30,000
28	Lacuna Transport Limited	07/03/2022	Parking of road tank vehicles in undesignated areas contrary to clause 6.4.2 (b) and (c) ZS Transportation of Petroleum Products : Operational Requirements for Road Tank Vehicles - Code of Practice 372	Fined 30,000
29	Mohab Transport Limited	07/03/2022	Parking of road tank vehicles in undesignated areas contrary to clause 6.4.2 (b) and (c) ZS Transportation of Petroleum Products : Operational Requirements for Road Tank Vehicles - Code of Practice 372	Fined 30,000
30	Petroda Zambia Limited	07/03/2022	Parking of road tank vehicles in undesignated areas contrary to clause 6.4.2 (b) and (c) ZS Transportation of Petroleum Products : Operational Requirements for Road Tank Vehicles - Code of Practice 372	Acquitted
31	Shilili Investments Limited	24/06/2022	Failure to apply for renewal of their licence to transport petroleum products six months before expiry of their licence contrary to clause 7.1 of the conditions of the licence to transport petroleum products	Fined 3,000
32	Ordod Oil Company Limited	17/06/2022	Constructing an Energy Facility without a construction permit in Lusaka District	Fined 30,000 Compounded
33	Auhad Investments Limited	29/06/2022	Failure to apply for renewal of their licence to transport petroleum products six months before expiry of their licence contrary to clause 7.1 of the conditions of the licence to transport petroleum products	Fined 5,000
34	Kasgon Energy Limited	01/07/2022	Failure to pay Licence fees owing to the ERB	Licence Suspended
35	Luapula Energy Limited	01/07/2022	Failure to pay Licence fees owing to the ERB	Licence Suspended
36	Ravasia Motors Limited	01/07/2022	Failure to pay License fees owing to the ERB	Licence Suspended

No.	Licensee	Date of Enforcement Hearing	Nature of Breach	ERB Decision (Penalty/Fines in ZMW)
37	Qeight Trading And Construction Limited	04/08/2022	Failure to apply for renewal of their licence to transport petroleum products six months before expiry of their licence contrary to clause 7.1 of the conditions of the licence to transport petroleum products	3,000
38	Climax Car Centre Limited	11/08/2022	Failure to apply for renewal of their licence to transport petroleum products six months before expiry of their licence contrary to clause 7.1 of the conditions of the licence to transport petroleum products	Fined 7,000
39	Lake Gas Zambia Limited	25/09/2022	Engaging in the retail of LPG without a Retail Licence from the ERB contrary to Section 10 of the Energy Regulation Act No. 12 of 2019	Fined 60,000 Compounded
40	Sonde Holdings Limited	04/08/2022	Operating seven road Tank vehicles not set forth in the authorized schedule of their Licence contrary to clause 2.1.1 of their Licence conditions.	Reprimand
41	Masdav Petroleum Limited	04/08/2022	Failure to pay K 349, 393.64 in unpaid licence fees, fuel marking fees and strategic reserve fund.	Reprimand
42	Safe Energy Limited	04/08/2022	Failure to pay K 37,645.41 in unpaid Fuel Marking Fees.	Reprimanded
43	Sun Gas Limited	04/08/2022	Failure to pay K 448,895.80 in unpaid Fuel Marking Fees, Licence Fees and Strategic Reserve Fund fees.	Prosecution-pending
44	Dana Oil Corporation	04/08/2022	Failure to pay K 8,433.00 in unpaid Strategic Reserve Fund fees.	Acquitted – Licensee settled outstanding debts
45	Gojestic Energy Limited	04/08/2022	Failure to pay K 59,228.43 in unpaid Fuel Marking Fees, Licence Fees and Strategic Reserve Fund fees.	Acquitted – Licensee paid in wrong ERB account
46	Techzone Limited	04/08/2022	Failure to pay K 195,556.52 in unpaid Strategic Reserve Fund fees.	Reprimanded – Licensee had payment plan
47	Dizab Zambia Limited	04/08/2022	Failure to pay K 159,106.81 in unpaid Fuel Marking Fees, Licence Fees and Strategic Reserve Fund fees.	Acquitted – Licensee settled outstanding debts

No.	Licensee	Date of Enforcement Hearing	Nature of Breach	ERB Decision (Penalty/Fines in ZMW)
48	Zengamina Limited	04/08/2022	Failure to pay Licence Fees	Reprimand – Licensee had payment plan
49	Captec Limited	04/08/2022	Failure to Pay Licence fees	Acquitted – Licensee settled outstanding debts
50	Crown Energy Limited	04/08/2022	Failure to Pay Licence fees	Acquitted – Licensee settled outstanding debts
51	Mount Meru Petroleum (Z) Limited	26/10/2022	Contravened section 10 of the Energy Regulation Act	Fined 75,000 compounded
52	Chingases Company Limited	26/10/2022	Contravened section 10 of the Energy Regulation Act	Pending Prosecution
53	Unicorn Logistics Limited	26/10/2022	Contravened section 10 of the Energy Regulation Act	Fined 65,000 Compounded
54	Deepak Gas Services Limited	26/10/2022	Contravened section 10 of the Energy Regulation Act	Pending Prosecution
55	Rajvi Logistics Limited	31/10/2022	Licensee did not submit comprehensive incident report within 7 days of the occurrence of the accident involving Tanker in line with clause 2.1.4 (c) of the licence to transport petroleum products	Reprimanded
56	Total Energies Limited	25/11/2022	Licensee contravened clause 2.5 of their Licence to Retail Petroleum Products by hoarding fuel at Total Energies Chingola Service Station	Penalized K30,000
57	Oryx Energies Limited	25/11/2022	Licensee contravened clause 2.5 of their Licence to Retail Petroleum Products by hoarding fuel at Kwacha Service Station in Kitwe	Penalized K30,000

No.	Licensee	Date of Enforcement Hearing	Nature of Breach	ERB Decision (Penalty/Fines in ZMW)
58	Mount Meru Petroleum (Z) Limited	25/11/2022	<ol style="list-style-type: none"> 1. Licensee breached conditions of their licence to Distribute, Import and Export Petroleum Products by delivering fuel to an unlicensed entity; 2. Breached clause 3.1.2 of their licence to Retail Petroleum Products for failure to promptly inform the ERB of the incident within 24 hours and clause 9.2 of ZS 385 part 5 for failure to consistently follow procedures prior to offloading at a service station. 	Penalized K30,000
59	Rubis Energy Limited	25/11/2022	Licensee contravened clause 2.5 of their Licence to Retail Petroleum Products by hoarding fuel at Rubis Chingola Service Station	Penalized K30,000
60	Puma Energy Limited	25/11/2022	Licensee contravened clause 4.8.3.2 of ZS 385 Part 5 by refuelling into a metallic drum inside a vehicle at Puma Chainama Service Station	Penalized K30,000
61	Surya Energy Limited	25/11/2022	Contravened conditions of their licence to Distribute, Import and Export petroleum products by delivering fuel to an unlicensed entity contrary to clause 2.1	Penalized K30,000
62	Karan Investments (Z) Limited	25/11/2022	Licensee breached clause 3.1.1 of their retail licence by commencing operations at Zambezi-Kasungula Road Service Station without approval by the ERB	Penalized K30,000
63	Vivo Energy (Z) Limited	25/11/2022	<ol style="list-style-type: none"> 1. Licensee contravened clause 4.8.3.2 of ZS 385 Part 5 by refuelling into a metallic drum inside a vehicle at Puma Chainama Service Station 2. Breached clause 3.6.4 of their licence to retail petroleum products by retailing petroleum products at old pump price at their Kasama Road Service Station in Lusaka 	Penalized K30,000

Appendix 5-1: Institutional Performance for 2022

ERB 2022 INSTITUTIONAL PERFORMANCE

The end of year institutional performance of the ERB was assessed relative to the 2022 Institutional KPIs. The Institution scored **86.92%** against the 2022 KPI institutional performance target of **85%** which entails that the performance was **above target**. The Table below provides a detailed breakdown of the performance ratings against each target.

Detailed KPI Scoring Template

#	Work-plan Activity	Target	Baseline Status	Self-Rating (0-100)	Approved Rate (A)	Weight (B)	Weighted Score (WS) (A*B)	Notes
Work-Plan Activities (Weight =66%)								
Strategic Focus 1: Economic Transformation and Job Creation								
1.	Support implementation of cost reflective pricing in the energy sector	MYTF Methodology, Regulations, Tariff filling guidelines and Automatic Cost pass through (ACPT) mechanisms developed	N/A	80 ⁴		1.75%	1.40	The development of the MYTF Methodology and the Automatic Cost Pass Through Rules was completed and approved in October 2022. The development of the tariff filing guidelines (data templates and Allowed Revenue Models) is currently ongoing. It is expected that the consultant will complete and submit the deliverable by end December 2022). On the other hand, the MYTF Regulations will be completed in 2023.

4 Assigned a rating of 80% on the basis of completion of the methodology and rules (65%). An additional 15% has been assigned to ongoing completion of the guidelines which are scheduled to be finalized by 23rd December 2022. In this regard, the pending regulations have been assigned a weight of 20%.

#	Work-plan Activity	Target	Baseline Status	Self-Rating (0-100)	Approved Rate (A)	Weight (B)	Weighted Score (WS) (A*B)	Notes
1.	Support implementation of cost reflective pricing in the energy sector	Open-Access Market Design and Regulations and Transmission/Distribution pricing Methodology developed	N/A	67 ⁵	67	1.75%	1.17	The Open Access Market Design and Structure and the Transmission/Distribution Pricing Methodology have been developed and conditionally approved by the steering committee. Meanwhile, the Open Access Rules and Regulations will be developed and refined to align to the Market Structure (reason for above conditional approval, as these two will need to be aligned) in 2023.
Cost of service study finalized and submitted to Ministry of Energy		Study On-going	100	100	100	1.75%	1.75	The Study was completed and the reports were all submitted to the Ministry of Energy for policy direction and guidance in the first quarter of 2022.
Cost reflective pricing framework developed for the Petroleum		N/A	100	100	100	2.75%	2.75	Petroleum Pump Price reviews are now conducted on a monthly basis using the Cost Plus Model to ensure that pump prices are responsive to the current exchange rates and global oil prices.
Import Parity Pricing of JET-1 petroleum products implemented		Cost Plus Model	100	100	100	2.75%	2.75	IPP model for Jet A-1 was concluded and implemented in April 2022. Price of Jet A-1 is now reviewed using IPP model along with the wholesale price of kerosene. In addition, the ERB implemented the regulation of the Post Airfield Price (Retail price at airports) of Jet A-1 in October 2022.

5 Assigned a rating of 67% based on completion of 2 out of 3 main inputs that have been considered to have an equal weight of 33.33% each.

#	Work-plan Activity	Target	Baseline Status	Self-Rating (0-100)	Approved Rate (A)	Weight (B)	Weighted Score (WS) (A*B)	Notes
		Review Price Regulation of LPG	Light-handed	100	100	1.75%	1.75	The review of the pricing regulation of LPG was undertaken and considered by the Board. Consequently, the Board approved the partial regulation of LPG where the ERB will approve the margins of the LPG players in the market.
2.	Support implementation of e-governance through implementation of Key Regulatory Management Information System Modules	Phase 1 of Management Information System (Licensing, Non Tax Revenue and Complaints Modules) rolled out.	Phase 0 implemented -Board Management Intranet -Procurement -HRA -Payroll -SAGE 300 Upgrade	100	100	4.75%	4.75	Phase 1 of the MIS was officially rolled out on 30 th June 2022. Systems are currently accessible online on https://portal.erb.org.zm The Official Launch of the MIS was held on 28 th July 2022 in the ERB Auditorium.
3.	Support economic recovery through implementation of revenue collection and debt management strategies	K260,994,546 revenue collection	K200,113,766 ⁶ in 2021	100	100	4.75%	4.75	A total of K422,639,302.06 was collected against a cumulative target of K243,292,931.40 translating into 74% above target performance as at 30 th November 2022.
Strategic Focus 2: Human and Social Development								
4.	Support human capital development and management through implementation of the 2022 Training Plan	90% Approved Training Plan executed	N/A	100		6.00%	6.00%	As of 5 th December, 2022, a total of 8 out of the 8 planned training programmes were undertaken.

6 2021 Yellow book target

#	Work-plan Activity	Target	Baseline Status	Self-Rating (0-100)	Approved Rate (A)	Weight (B)	Weighted Score (WS) (A*B)	Notes
Strategic Focus 3: Environmental Sustainability								
5.	Ensure safety, quality and reliability of energy services and products through compliance monitoring	98% Petroleum Quality Compliance	97.5% in 2021 ⁷	99.8	99.8	2.75%	2.75	The year to date average compliance recorded was 97.85%.
		99% compliance to fuel marking	98.57% in 2021 ⁸	97.2	97.2	2.75%	2.67	The year to date compliance up to 5 th December 2022 was reported as 96.19%.
		93% Petroleum Infrastructure Compliance ⁹	89.1% in 2021	100	100	2.75%	2.75	The year to date compliance of 95% was recorded for Petroleum infrastructure. It was based on the audit of petroleum infrastructure including filling stations, White product depots and LPG depots conducted from March to May 2022.
		93% Electricity Infrastructure Compliance	91.78% in 2021	100	100	2.75%	2.75	Verification inspections are currently on-going and will be completed by 16 th December 2022.
		73% Power Quality Compliance	71% in 2021	100	100	2.75%	2.75	A compliance of 93% was recorded for electricity infrastructure. This was an average from the electricity infrastructure audited in 2022 for the period up to 30 th November 2022, for eight electricity licensees.
				100	100	2.75%	2.75	An average compliance of 75% for the interconnected power system was recorded for the period 1 st January to 30 th September 2022.

⁷ 97.5% petroleum quality compliance as at 30th November 2021 based on samples collected from depots

⁸ Based on lower samples collected compared to previous years

⁹ 93% target excluding LPG retail sites but inclusive of LPG depots

#	Work-plan Activity	Target	Baseline Status	Self-Rating (0-100)	Approved Rate (A)	Weight (B)	Weighted Score (WS) (A*B)	Notes
6	Development of standards and guidelines to ensure safety, quality and reliability of petroleum products	Standard development for quality of liquid bio ethanol and Gel for cooking	N/A	100	100	1.25%	1.25	Draft standards were developed and subsequently approved by the Board on 1 st December 2022. Additionally, the standards were submitted to ZABS for publication.
		Review of LPG standards - ZS 429	N/A	90 ¹⁰	90	1.25%	1.13	The Technical Committee conducted an initial review of the Standard after which a call for public comments was published and subsequently closed on 25 th November 2022. The review of public comments and finalisation of the standard was done by 12 th December 2022.
		Development of a Strategy to increase access to validated LPG Cylinders	N/A	90 ¹¹	90	1.25%	1.13	The Consultant to conduct the study and develop the strategy was appointed by the funder (USAID) in October 2022. By end of November 2022, draft reports for the two (2) studies on increased access to validated Cylinders were presented for stakeholders comments. A stakeholder's workshop to validate the reports after incorporating of comments is scheduled for 8 th December 2022. The final reports where submitted to the ERB by 23 rd December 2022.

¹⁰ Assigned a rating of 90% on the basis of the work done in the actual review of the standard and receipt of public comments (75%). An additional 15% was assigned for incorporation of the public comments which is scheduled to be completed by 16th December 2022. In this regard, pending board approval and submission to ZABS have each been allocated a weight of 5% each.

¹¹ Assigned a rating of 90% based on consultancy milestones achieved namely: 10% kick-off meeting, 15% literature review, 20% stakeholder engagement, 30% first draft, 10% revised draft and 5% for validated draft. In this regard, the pending final draft has been assigned a weight on 10%

#	Work-plan Activity	Target	Baseline Status	Self-Rating (0-100)	Approved Rate (A)	Weight (B)	Weighted Score (WS) (A*B)	Notes
Strategic Focus 4: Good Governance Environment								
7.	Development of 2022-2026 Strategic Business Plan	SBP Developed by 31 st October 2022	N/A	100	100	5.75%	5.75	The Final SBP was submitted to the FHRAC on 27 th October 2022 and, subsequently approved by the Board on 2 nd December 2022.
8.	Strategic engagement with key stakeholders through regular media presence and outreach programmes.	8 energy industry meetings	8 meetings in 2021	100	100	1.75%	1.75%	<p>Ten industry meetings were held during the year as follows:</p> <ul style="list-style-type: none"> ▪ Electric Vehicles ▪ Jet A1 Price Regulation ▪ Petroleum Industry Players ▪ Renewable Industry Players ▪ Petroleum Pricing (2) ▪ Electricity Industry Leaders ▪ Petroleum Transporters ▪ Muchinga Energy Operators ▪ Licence Conditions
		2 Media briefings/ engagements		100	100	1.75%	1.75	<p>A Bi annual Media Briefing on ERB Operations and MIS launch conducted on 26th July 2022.</p> <p>A Media Workshop and briefing on energy issues was also conducted on 31st March, 2022.</p> <p>In addition, Ten (10) Media Price Review Briefings were held in January, April, May, June, July, August, September, October and November of 2022.</p>
		1 parliamentary discussion forum	2 forums in 2021	100	100	2.75%	2.75	The planned parliamentary discussion forum was held on 27 th June 2022 at National Assembly.

#	Work-plan Activity	Target	Baseline Status	Self-Rating (0-100)	Approved Rate (A)	Weight (B)	Weighted Score (WS) (A*B)	Notes
9.	Undertake enforcement hearings aimed at fostering compliance to licence conditions against erring licensees	4 enforcement hearings undertaken		100	100	2.75%	2.75	Three (3) enforcement hearings were held in 2022. Enforcement action was conducted against a total of 30 licensees following a hearing in Quarter 1. While an enforcement action was taken against 24 licensees following a hearing in Quarter 3. Lastly, enforcement action was taken against a total of 17 licensees in the Quarter 4 following a hearing. The last enforcement hearing was scheduled for 9 th December 2022. However, ZESCO did not appear despite confirming receipt of the notice of directive to appear. In this therefore a letter of enforcement was sent to ZESCO.
10.	Create an enabling environment for growth of the energy sector through development of subsidiary legislation and streamlined licensing framework	Two (2) Regulations submitted to Ministry of Energy - Regulations for the Management of the Energy Fund		100	100	2.75%	2.75	The ERB developed and submitted the Energy Regulation (Energy Fund) Regulations and the Energy Regulation Tribunal Regulations to the Ministry on 26 th April, 2022. Additionally, the Electricity Regulations were submitted on 27 th October 2022.
		Licensing Framework revised		100	100	2.75%	2.75	The Licensing Framework was revised in May 2022 and approved by the Board in June 2022.
ROUTINE SERVICE LEVEL DELIVERABLES ASSESSED AGAINST SERVICE LEVEL AGREEMENTS (Weight= 34%)¹²								

¹² A weighting was assigned to each SLA rating, in this regard 67% of the score was assigned to efficiency in achievement of the SLA, while 33% was assigned to effort in carrying out the SLA

#	Work-plan Activity	Target	Baseline Status	Self-Rating (0-100)	Approved Rate (A)	Weight (B)	Weighted Score (WS) (A*B)	Notes
11.	Issuance of licenses in the energy sector	60 calendar days for standard licence		18.9	18.9	6.8%	1.29	During the period under review, an assessment was undertaken to determine the turnaround time for issuance of Licences. To this effect, 64 Licence applications were sampled (refer to appendix 2). The assessment determined that on average Licences were issued in 104 days. However, 6.25% of the licences were issued within the stipulated service level.
12.	Determination of energy tariffs and prices in the energy sector	30 calendar days for PPAs and PSAs		61.6	61.6	6.8%	4.19	A total of 7 Power Purchase Agreements (PPAs) were reviewed during the year as highlighted in Appendix 3. It was determined that on average PPAs were determined within 49 days. However, 43% of the PPAs were processed within the stipulated timeframe.

#	Work-plan Activity	Target	Baseline Status	Self-Rating (0-100)	Approved Rate (A)	Weight (B)	Weighted Score (WS) (A*B)	Notes
		90 working days for tariff applications		100	100	6.8%	6.8	<p>An application by CEC was duly lodged on 4th February, with the expected review end date of 21st June 2022. However, the process was concluded on 18th July 2022 implying that the tariff determination was done in 107 working days owing to externalities.</p> <p>On the other hand, a connection fee application by ZESCO was duly lodged on 28th March 2022. However, this application was put on hold following a policy directive. The application was reactivated in time for a public hearing on 3rd October 2022, after which the board had 30 days to render its decision. The board approved the tariff on 17th October 2022. In this regard, both the two applications received during the year was processed according to the stipulated timeframes.</p>
13.	Determination of consumer complaints	30 working days for consumer complaints		72.6	72.6	6.8%	4.94	<p>A total of 248 complaints have been sampled for purposes of assessing the number of days it took to determine the complaints (see Appendix 4). It was revealed that on average complaints were determined within 3 days. On the other hand, 122 complaints from the sample were resolved as at the time of assessment representing a sample resolution rate of 58.5%.</p>

#	Work-plan Activity	Target	Baseline Status	Self-Rating (0-100)	Approved Rate (A)	Weight (B)	Weighted Score (WS) (A*B)	Notes
	Determination of the environmental impact of energy sector developments	15 working days for ZEMA requests		76.7	76.7	6.8%	5.22	A sample of 127 requests for comments from ZEMA were sampled and assessed. It was determined that on average comments were made in 15 days as highlighted in Appendix 5.
			TOTAL				86.92%	

ENERGY REGULATION BOARD

ANNUAL REPORT AND FINANCIAL STATEMENTS
for the year ended **31 December 2022**

ENERGY REGULATION BOARD

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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ENERGY REGULATION BOARD

REPORT OF THE BOARD OF DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2022

The Board of Directors of the Energy Regulation Board ("ERB") present their report and audited financial statements for the year ended 31st December 2022.

PRINCIPAL ACTIVITY

The principal activity of the Energy Regulation Board ("ERB") is regulating undertakings in the energy sector under the Energy Regulation Act 12 of 2019, of the Laws of Zambia. As part of its mandate, the ERB issues Licences and collects Licence Fees on behalf of the government. In the period under review, the collection target was K260,994,546 (2021: K193,533,623). A total of K457,177,243 was collected (2021: K369,177,752) representing 75% above target. All these amounts were remitted to the Government Consolidated Fund. Of the significant amounts outstanding in collection of Licence fees an amount of K497,839,707 was due from ZESCO, a related party (2021: K451,723,644).

PRINCIPAL PLACE OF BUSINESS

The address of the ERB's principal place of business is:

Plot 9330
Danny Pule Road
Mass Media Area
Lusaka

FINANCIAL RESULTS

The Surplus of income over expenditure for the year amounted to **K43,706,411** (2021: Deficit K13,108,959).

SIGNIFICANT EVENTS IN THE YEAR

In the year under review, the ERB revised the wholesale and pump price of petroleum products on a monthly basis in line with principles of the cost-plus model. Further, the ERB equalised the price of low sulphur diesel/gas oil and ordinary diesel, resulting in the market having only one price for diesel. This was because ordinary diesel that was refined at INDENI refinery is no longer on the local market due to the ongoing reforms in the petroleum sub-sector.

MEMBERS OF THE BOARD

The members who held office during the year up to the date of this report are:

Mr. Reynolds C Bowa	Chairperson	
Mr. James Banda	Vice chairperson	Appointed on 27 th May 2022
Mr. Michael Kachumi	Board Member	
Ms. Karen Banda	Board Member	
Dr. Mususu Kaonda	Board Member	Appointed on 5 th May 2022
Mr. Banji Kalenga	Board Member	
Ms. Jane Musonda Mulenga	Board Member	Appointed on 5 th May 2022
Mr. Gilbert Phiri	Vice chairperson	Resigned on 1 st April 2022
Mr. Noel Nkoma	Board Member	Resigned on 1 st March 2022
Mr. Sitwala Nang'alelwa	Board Member	Resigned on 1 st February 2022

SENIOR MANAGEMENT

The senior management of the ERB during the year and up to the date of this report were as follows:

Mr. Yohane Mukabe	Director General	Appointed on 1 st June 2022
Mr. Kabaye Mwale	Director Finance	Resigned on 5 th March 2023
Mr. Fred Hangandu	Director Consumer and Public Affairs	
Mr. Alfred Mwila	Director Economic Regulation	
Mr. Allen Polito	Director Technical Regulation	
	Director Legal and Secretarial Services/Board	
Mrs. Edna M. Mwansa	Secretary	

ENERGY REGULATION BOARD

REPORT OF THE BOARD OF DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2022

PROPERTY AND EQUIPMENT

The principal changes to property and equipment related to the following additions:

	2022 K	2021 K
Motor vehicles	2,904,231	-
Office equipment	865,269	637,040
Furniture fixtures and fittings	526,703	30,203
Land and buildings	-	-
Systems and Databases	89,419	24,416
	4,385,622	691,659

EMPLOYEES

The average number of employees during each month of the year was as follows:

	2022	2021
January	129	131
February	130	132
March	130	132
April	128	132
May	128	132
June	128	132
July	126	133
August	126	131
September	126	130
October	126	128
November	125	129
December	126	129

The total remuneration accrued to the employees during the year was **K103,018,661** (2021: K101,331,550).

HEALTH AND SAFETY OF EMPLOYEES

The Directors are aware of their responsibilities towards the health and safety of employees and have accordingly put in place appropriate measures to safeguard the health and safety of employees.

AUDITORS

Messrs Pricewaterhouse Coopers were re-appointed auditors in 2021 for the audit of the financial statements for the years ended 31 December 2021, 31 December 2022 and 31 December 2023.

By order of the Board.



EDNA M. MWANSA (MRS)
BOARD SECRETARY/DIRECTOR LEGAL & SECRETARIAL SERVICES

Lusaka, Zambia

ENERGY REGULATION BOARD**STATEMENT OF RESPONSIBILITY OF THE BOARD FOR ANNUAL FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 DECEMBER 2022**

The Board Members are required to prepare financial statements for each financial year which present fairly the state of affairs of the Energy Regulation Board ("ERB") and its financial activities for the period.

In preparing the financial statements, the Board Members:

- Select suitable accounting policies and then apply them consistently from year to year;
- Make judgments and estimates that are reasonable and prudent; and
- Comply with International Financial Reporting Standards.

The Board Members are responsible for ensuring that proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Board, are kept. The Members are also responsible for safeguarding the assets of the Board and taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board Members are also responsible for the systems of internal control. These are designed to provide reasonable but not absolute assurance as to the reliability of the financial statements, and to adequately safeguard, verify and maintain accountability for assets, and to prevent and detect material misstatements due to fraud or error. The systems are implemented and monitored by suitably trained personnel with an appropriate segregation of authority and duties. Nothing has come to the attention of the Board to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the period under review.

In the opinion of the Board Members the financial statements give a true and fair view of the financial activities of ERB for the year ended 31 December 2022 and its financial position as at that date, and have been prepared in accordance with International Financial Reporting Standards and in the manner required by the Energy Regulation Act 12 of 2019 and in compliance with the Public Finance Management Act of 2018, of the Laws of Zambia.

Signed on behalf of the Board by:



BOARD CHAIRPERSON



Independent auditor's report

To the Ministry of Energy of the Government of the Republic of Zambia

Report on the audit of the financial statements

Our opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Energy Regulation Board (“ERB”) as at 31 December 2022, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and the requirements of the Energy Regulation Act No 12 of 2019 and the Public Finance Management Act of 2018 of the Laws of Zambia.

What we have audited

The Energy Regulation Board’s financial statements are set out on pages 7 to 29 and comprise:

- the statement of income and expenditure and other comprehensive income for the year ended 31 December 2022;
- the statement of financial position as at 31 December 2022;
- the statement of changes in capital grants and accumulated funds for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor’s responsibilities for the audit of the financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Organisation in accordance with the International Ethics Standards Board for Accountants’ (IESBA) International Code of Ethics for Professional Accountants (including International Independence Standards) (the “IESBA Code”). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Key audit matters

We have determined that there are no Key Audit Matters to communicate in our report.

PricewaterhouseCoopers, PwC Place, Stand No 2374, Thabo Mbeki Road, P.O. Box 30942, Lusaka, Zambia
T: +260 (211) 334000 , F: +260(211) 256474, www.pwc.com/zm

A list of Partners is available from the address above



Report on the audit of the financial statements (continued)

Other information

The Board Members are responsible for the other information. The other information obtained at the date of this auditor's report comprises the Report of the Board Members, Statement of Board Members Responsibilities and Detailed operating statement included in the Energy Regulation Board's Annual Report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board Members for the financial statements

The Board Members are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the requirements of the Energy Regulation Act No 12 of 2019 and the Public Finance Management Act of 2018 of the Laws of Zambia, and for such internal control as the Board Members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board Members are responsible for assessing the Energy Regulation Board's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board Members either intend to liquidate the Energy Regulation Board or to cease operations, or have no realistic alternative but to do so.

The Board Members are responsible for overseeing the Energy Regulation Board's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control



Report on the audit of the financial statements (continued)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Energy Regulation Board's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board Members.
- Conclude on the appropriateness of the Board Members' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Energy Regulation Board's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Energy Regulation Board to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board Members regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

From the matters communicated with the Board Members, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

The Energy Regulation Act No 12 of 2019 and the Public Finance Management Act of 2018 of the Laws of Zambia, requires that in carrying out our audit of the Energy Regulation Board, we report on whether ERB has maintained proper books of accounts and other records relating to its financial affairs.

In respect of the foregoing requirements, we have no matters to report.

PricewaterhouseCoopers
PricewaterhouseCoopers
Chartered Accountants
 Lusaka

Andrew L. Chibuye
Andrew L. Chibuye
 Practicing certificate number – AUD/F002378
Partner signing on behalf of the firm

27 MARCH 2023

ENERGY REGULATION BOARD

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

STATEMENT OF INCOME AND EXPENDITURE AND OTHER COMPREHENSIVE INCOME

In Zambian Kwacha (K)

	NOTES	2022 K	2021 K
INCOME			
Grant income	4	86,330,393	75,069,908
Fuel Marking Agency fee	5	94,080,519	43,529,797
Other income	6	9,064,782	9,825,534
		189,475,694	128,425,239
EXPENDITURE			
Employee expenses	7	103,018,661	101,331,550
Depreciation expense	7	2,578,922	2,661,610
Other operating and administration costs		40,171,700	37,541,038
TOTAL EXPENDITURE		145,769,283	141,534,198
SURPLUS/(DEFICIT) OF INCOME OVER EXPENDITURE FOR THE YEAR		43,706,411	(13,108,959)
Amortisation of capital grant income		325,200	19,388
TOTAL COMPREHENSIVE SURPLUS/(DEFICIT) FOR THE YEAR		44,031,611	(13,089,571)

Notes to the financial statements from page 77 to 95 form an integral part of these financial statements

ENERGY REGULATION BOARD

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

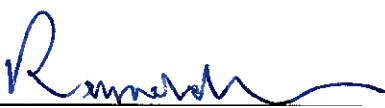
STATEMENT OF FINANCIAL POSITION

In Zambian Kwacha (K)

	NOTES	2022 K	2021 K
ASSETS			
Non current assets			
Property and equipment	8	52,470,179	50,194,105
Current assets			
Receivables	9	91,388,646	46,123,241
Cash and cash equivalents	10	2,505,081	1,391,044
		93,893,727	47,514,285
TOTAL ASSETS		146,363,906	97,708,390
FUNDS AND LIABILITIES			
Capital grants and funds			
Capital grants	11	1,705,979	567,192
Accumulated funds		79,699,471	35,667,860
		81,405,450	36,235,052
Non current liabilities			
Deferred employee benefits	12	26,046,912	25,563,678
Current liabilities			
Payables	13	38,911,544	35,909,660
TOTAL LIABILITIES		64,958,456	61,473,338
TOTAL FUNDS AND LIABILITIES		146,363,906	97,708,390

Notes to the financial statements on pages 77 to 95 form an integral part of these financial statements

The responsibilities of the Board's Members with regard to the preparation of the financial statements are set out on page 69. The financial statements on pages 73 to 95 were approved and authorised for issue by the Board Members on and were signed on their behalf by:


BOARD CHAIRPERSON


AUDIT & RISK COMMITTEE
CHAIRPERSON

ENERGY REGULATION BOARD

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2022

STATEMENT OF CHANGES IN CAPITAL GRANTS AND ACCUMULATED FUNDS

In Zambian Kwacha (K)

	Capital Grants K	Accumulated Funds K	Total K
Year ended 31 December 2021:			
Balance at 1 January 2021	586,580	48,757,431	49,344,011
Comprehensive income:			
Deficit of income over expenditure	-	(13,108,959)	(13,108,959)
Other comprehensive income:			
Amortisation of capital grants (Note 11)	(19,388)	19,388	-
Total comprehensive income for the year	(19,388)	(13,089,571)	(13,108,959)
Balance as at 31 December 2021	567,192	35,667,860	36,235,052
Year ended 31 December 2022:			
Balance at 1 January 2022	567,192	35,667,860	36,235,052
Addition in the year	1,463,987	-	1,463,987
Comprehensive income:			
Surplus of income over expenditure	-	43,706,411	43,706,411
Other comprehensive income:			
Amortisation of capital grants (Note 11)	(325,200)	325,200	-
Total comprehensive income for the year	(325,200)	44,031,611	45,170,398
Balance as at 31 December 2022	1,705,979	79,699,471	81,405,450

Notes to the financial statements from page 77 to 95 form an integral part of these financial statements

ENERGY REGULATION BOARD

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

STATEMENT OF CASH FLOWS

In Zambian Kwacha (K)

	NOTES	YEAR ENDED 31 DECEMBER	
		2022 K	2021 K
CASH FLOWS FROM OPERATING ACTIVITIES			
Surplus/(Deficit) of income over expenditure for the year		43,706,411	(13,108,959)
Adjusted for:			
Interest income		(102,125)	(85,076)
Depreciation expense	8	2,578,922	2,661,610
Gain on disposal of property and equipment		(249,846)	-
Operating cash flows before movement in working capital		45,933,362	(10,532,425)
Increase in receivables		(45,265,405)	(10,426,581)
Increase in payables		3,001,883	14,648,924
Increase in employee liabilities		483,234	1,451,590
Net cash utilised in operating activities		4,153,074	(4,858,492)
CASH FLOWS FROM INVESTING ACTIVITIES			
Expenditure on property and equipment	8	(4,385,622)	(691,659)
Proceeds from disposal of property and equipment		1,244,460	-
Interest received		102,125	85,076
Net cash utilised in investing activities		(3,039,037)	(606,583)
CASH FLOWS FROM FINANCING ACTIVITIES		-	-
Net Decrease in cash and cash equivalents		1,114,037	(5,465,075)
Cash and cash equivalents at beginning of year		1,391,044	6,856,119
Cash and cash equivalents at end of year	10	2,505,081	1,391,044

Notes to the financial statements on from page 77 to 95 form an integral part of these financial statements

ENERGY REGULATION BOARD

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Energy Regulation Board (the "ERB") is a statutory body established by the Energy Regulation Act No.12 of 2019 of the Laws of Zambia with the responsibility of regulating the energy sector in Zambia and is a Grant Aided Institution funded through Treasury by an annual Grant.

The address of its principal place of business is:

Plot 9330
Danny Pule Road
Mass Media Area
Lusaka

2. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied by the Board in the preparation of these financial statements are set out below. These policies have been applied consistently for the years presented, unless otherwise stated.

2.1 Statement of compliance

The Board's financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board (IASB).

2.2 Basis of preparation

The annual financial statements have been prepared on the historical cost basis and in Zambian Kwacha (K).

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Board takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for, leasing transactions that are within the scope of IFRS 16, and measurements that have some similarities to fair value but are not fair value, such as value in use in IAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

Significant event during the year

In the year under review, the ERB revised the wholesale and pump price of petroleum products on a monthly basis in line with principles of the cost-plus model. Further, the ERB equalised the price of low sulphur diesel/gas oil and ordinary diesel, resulting in the market having only one price for diesel. This was because ordinary diesel that was refined at INDENI refinery is no longer on the local market due to the ongoing reforms in the petroleum sub-sector.

2.3 Revenue

Revenue is measured at the fair value of the consideration received or receivable. It is ERB's policy to recognise revenue from a contract when it has been approved by both parties, rights have been clearly identified, payment terms have been defined, the contract has commercial substance, and collectability has been ascertained as probable.

ENERGY REGULATION BOARD

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3.1 Government Grants

Grants represents funds received from Government during the year. Income from the Government is recognised in the statement of income and expenditure in the year in which it is receivable, which is the point in time recognition basis.

2.3.2 Fuel Marking Agency Fee

This is a fee charged for services rendered to the Fuel Marking Project and as appropriated by the Board. Revenue from contracts with Fuel Marking Program is recognised when the Board appropriates funds to ERB, and services are rendered to the Fuel Marking Program, at an amount that reflects the consideration to which the ERB expects to be entitled in exchange for those services. Revenue is recognised over time.

2.3.3 Assessment Fees

These are fees paid by applicants who apply to undertake investments in the energy sector and have passed ERB's internal financial assessments. Assessment fees are recognised at a point in time.

2.4 Leasing

ERB is both a lessor and lessee for which it accounts for such transactions as below:

2.4.1 The ERB as lessor

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Board's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Board's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

2.4.2 The ERB as lessee

ERB recognises right-of-use assets and lease liabilities at the lease commencement date for most leases. However, ERB has elected not to recognise right-of-use assets and lease liabilities for some leases of low-value assets (e.g. rental of property) and for short-term leases, i.e. leases that at commencement date have lease terms of 12 months or less. The ERB defines low-value leases as leases of assets for which the value of the underlying asset when it is new is K50,000 or less and is not considered fundamental to its operations. The ERB recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

ERB has not recognised any right of use assets as all its non-finance leases were deemed of low value, and as such exempted from IFRS 16 - Leases considerations.

2.5 Foreign currencies

The financial statements of the ERB are presented in the currency of the primary economic environment in which the entity operates (its functional currency). The results and financial position of the ERB are expressed in Zambian Kwacha ('K'), which is the functional currency of the ERB and the presentation currency for the financial statements.

In preparing the financial statements of the ERB transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date.

Exchange differences are recognised in statement of income and expenditure in the period in which they arise.

2.6 Retirement benefits

The ERB has two types of employment contracts. The gratuity employment contract and the permanent and pensionable employment contract.

ENERGY REGULATION BOARD

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6.1 Contract employees

Employees on fixed term contracts are entitled to end of contract gratuity. Provision is made for past service on the basis of present conditions and earnings. The portion of the provision which is estimated to become payable after more than one year is shown as a non current liability.

2.6.2 National Pension Scheme

The ERB also contributes to the National Pension Scheme (NAPSA). NAPSA is a defined contribution scheme and membership is compulsory. Monthly contributions by both employer and employees are made. The employer's contribution is accounted for in statement of income and expenditure as it arises.

2.6.3 ZSIC Pension Scheme

The ERB makes monthly contributions to the ZSIC Pension Scheme; a defined contribution scheme with respect to 'permanent and pensionable' employees. The ERB's contributions to this pension scheme are accounted for in the statement of income and expenditure as they arise.

2.7 Deferred Employee Benefits

Deferred Employee Benefits refers to staff end of contract gratuity and service benefits due after more than 12 months.

Contract gratuity is calculated at the end of a fixed term contract on the basis of earnings over the contract period at a rate of 35% of the last drawn salary.

Service benefit is a retirement benefit due to an employee on a permanent and pensionable employment contract that is paid on termination. Service benefits are calculated based on the period served at an applicable rate of the last drawn salary.

Contract gratuity and service benefits due to employees are recognised, on a systematic basis, to the statement of income and expenditure (expense) and statement of financial position (liability) based on the recognition criteria explained above. The liability is then split between "due within 12 months" and "due after more than 12 months", with the latter being referred to as Deferred Employee Benefits.

2.8 Property and equipment

Property and equipment, are stated in the statement of financial position at cost less accumulated depreciation and any accumulated impairment losses. All categories of property and equipment are initially recorded at cost and subsequently stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to ERB and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Depreciation is charged to write off the cost of property and equipment over their estimated useful lives on a straight line basis, at the following annual rates:

Leasehold land and buildings	2%
Furniture and fittings	15%
Office equipment	25%
Motor vehicles	25%
Software/Databases	25%
Capital work in progress is not depreciated.	

ENERGY REGULATION BOARD

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Property and equipment (continued)

The estimated useful lives and residue values are reviewed at end of each reporting period, with the effect of any changes in estimation accounted for on a prospective basis.

The gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the statement of income and expenditure.

Repairs and maintenance expenses are charged to the statement of income and expenditure during the period in which they are incurred. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the ERB.

2.9 Impairment of tangible assets

At the end of each reporting period, the ERB reviews the carrying amounts of its tangible and other assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Board estimates the recoverable amount of the asset. Where a reasonable and consistent basis of allocation can be identified, assets are also allocated accordingly for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in statement of income and expenditure.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in statement of income and expenditure, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

2.10 Grants

Grants represent the value of assets vested in the ERB by the Government and other cooperating partners without charge to the ERB. Grants are classified as either capital or revenue grants.

Capital grants represent the value of assets vested in the ERB for capital items and recognised based on the amount received. Capital grants are deferred and credited to statement of income and expenditure in equal annual installments over the expected useful lives of the related assets.

Other grants are recognised as revenue over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis.

2.11 Provisions

Provisions are recognised when the ERB has a present obligation (legal or constructive) as a result of a past event, it is probable that the ERB will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of each reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

ENERGY REGULATION BOARD**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****2.11 Provisions (continued)**

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

2.12 Financial assets

ERB classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss); and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

2.12.1 Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method less any impairment.

2.12.2 Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

2.12.3 Derecognition of financial assets

The ERB derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the ERB neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the ERB recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the ERB retains substantially all the risks and rewards of ownership of a transferred financial asset, the ERB continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in statement of income and expenditure.

2.12.4 Recognition of Expected Credit Losses

IFRS 9 requires that an entity assesses the expected credit loss that may result from failure to meet contractual obligations by the counterparty. This standard focuses on the risk that a loan or a debtor will default rather than whether a loss has been incurred. Appropriate allowances for estimated irrecoverable amounts are recognised in the statement of income and expenditure when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 90 days overdue) are considered indicators that the receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

ENERGY REGULATION BOARD

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12.4 Recognition of expected credit losses (continued)

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in the statement of income and expenditure.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through statement of income and expenditure to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

2.13 Financial liabilities

All financial liabilities are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

2.13.1 Derecognition of financial liabilities

The ERB derecognises financial liabilities when, and only when, the ERB's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in statement of income and expenditure.

2.14 Fair value

Fair value is the amount at which assets and liabilities can be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation, and is best evidenced by a quoted market price, where one exists. The estimated fair values of assets and liabilities have been determined by the ERB using available market information and appropriate valuation methodologies. However judgment is required to interpret market data to estimate fair values. Accordingly, the estimates are not necessarily indicative of the amounts the ERB could realise in a current market exchange. The carrying amounts of the assets and liabilities approximate their fair values.

ENERGY REGULATION BOARD**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****3. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATING UNCERTAINTY****3.1 Critical judgments in applying accounting policies**

In the application of the ERB's accounting policies, the Board Members are required to make judgments,

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

3.2 Key sources of estimating uncertainty

The following are the key assumptions concerning the future, and other key sources of estimating uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

3.2.1 Estimates of asset lives, residual values and depreciation methods

Property and equipment is depreciated over its useful life taking into account residual values. Useful lives and residual values are assessed annually. Useful lives are affected by technology innovations, maintenance programmes and future productivity. Future market conditions determine the residual values. Depreciation is calculated on a straight line basis which may not represent the actual usage of the asset.

If the assumptions stated above were to change by up to 10%, depreciation on property and equipment will change by K257,892 (2021: K266,161).

3.2.2 Property and equipment impairment review

Impairment tests on property and equipment are only done if there is an impairment indicator. Future cash flows are based on management's estimate of future market conditions. These cash flows are then discounted and compared to the current carrying value, and, if lower, the assets are impaired to the present value of the cash flows. Impairment tests are based on information available at the time of testing. These conditions may change after year-end.

ENERGY REGULATION BOARD

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4. GRANT INCOME

Grant income represents funds receivable from Government of the Republic of Zambia during the year as the ERB is a grant aided institution as set out in Energy Regulation Act No.12 of 2019 of the Laws of Zambia. Total grant income of K86,330,393(2021: K75,069,908) was received in the financial year ended 31st December 2022. This is recognised at a point in time.

5. FUEL MARKING AGENCY FEE

	2022 K	2021 K
Agency Fee	94,080,519	43,529,797

The ERB Board approved K94,080,519 (2021: K43,529,797) as agency fees for the professional services the ERB renders to the Fuel Marking project. This is recognised over time. (Note 2.3.2).

6. OTHER INCOME

	2022 K	2021 K
Assessment fees	8,026,639	9,318,829
Gain on disposal of assets	249,846	-
Interest income	102,125	85,076
Sale of application forms	589,189	331,968
Registration of suppliers	5,500	8,500
Amortisation of staff benefits	79,562	73,611
Other Sundry income	11,921	7,550
	9,064,782	9,825,534

7. NATURE OF EXPENDITURE

	2022 K	2021 K
Employee costs(Note 7.1)	103,018,661	101,331,550
Other expenses	18,250,671	17,259,824
Impairment of receivables - provision/(release)(Note 9.2)	(7,633,870)	-
Office expenses	5,117,668	4,955,166
Depreciation (Note 8)	2,578,922	2,661,610
Board expenses	6,338,849	4,974,590
Regulatory advocacy costs	4,544,970	1,989,850
Standard enforcement	3,517,965	2,698,530
Subscriptions	3,164,525	2,832,965
Training and Capacity Building	2,292,871	1,144,896
Board Training expenses	2,038,153	-
Tariff review & pricing	2,219,771	1,174,166
External Audit fees	288,788	288,788
Exchange loss	31,339	61,162
Integrity Committee cost	-	161,102
TOTAL EXPENDITURE	145,769,283	141,534,198

7.1 EMPLOYEE COSTS

	K	K
Salaries and wages	75,839,133	73,052,233
Retirement benefits		
Gratuity and Service Benefits	24,146,556	25,361,775
NAPSA - Employer contribution	1,806,615	1,739,624
ZSIC Pension	1,226,357	1,177,918
TOTAL	103,018,661	101,331,550

TAXATION

ERB is exempt from income tax under Section 15 of the Income Tax Act, CAP 325 of the Laws of Zambia in accordance with Paragraph 5 Part III of the Second Schedule of the Act.

ENERGY REGULATION BOARD

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8. PROPERTY AND EQUIPMENT

Cost	Leasehold land & buildings	Motor vehicles	Office equipment	Furniture, fixture and fittings	Information Systems & Databases	Capital Work in Progress	Total
	K	K	K	K	K	K	K
At 1 January 2021	56,253,856	10,791,296	9,316,215	4,079,387	-	1,581,035	82,021,789
Additions	-	-	637,040	30,203	-	24,416	691,659
Disposals	-	-	-	585,755	-	(585,755)	-
At 1 January 2022	56,253,856	10,791,296	9,953,255	4,695,345	-	1,019,696	82,713,448
Additions	-	2,904,231	865,269	526,703	89,419	-	4,385,622
Additions from COSS grant	-	-	1,463,987	-	-	-	1,463,987
Disposal/Transfer from WIP to Information Systems	-	(2,885,636)	(24,149)	-	1,019,696	(1,019,696)	(2,909,785)
At 31 December 2022	56,253,856	10,809,891	12,258,362	5,222,048	1,109,115	-	85,653,272
Depreciation							
At 1 January 2021	9,096,313	9,134,283	8,002,325	3,624,812	-	-	29,857,733
Charge for the year	1,124,194	660,532	624,141	252,743	-	-	2,661,610
Disposals	-	-	-	-	-	-	-
At 1 January 2022	10,220,507	9,794,815	8,626,466	3,877,555	-	-	32,519,343
Charge for the year	1,124,194	161,496	984,426	172,341	136,465	-	2,578,922
Disposals	-	(1,907,625)	(7,547)	-	-	-	(1,915,172)
At 31 December 2022	11,344,701	8,048,686	9,603,345	4,049,896	136,465	-	33,183,093
Carrying amount							
At 31 December 2022	44,909,155	2,761,205	2,655,017	1,172,152	972,650	-	52,470,179
At 31 December 2021	46,033,349	996,481	1,326,789	817,790	-	1,019,696	50,194,105

The Directors consider that the carrying value of leasehold land and buildings and equipment is not more than its recoverable amount as reflected in the statement of financial position. Movement in the Capital work in progress represent the capitalisation of the Management Information System which was deployed in the year to automate the licensing process, consumer complaints handling and non tax revenue return filing compliance.

ENERGY REGULATION BOARD

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8. PROPERTY AND EQUIPMENT (Continued)	2022	2021
GAIN ON DISPOSAL	K	K
Cost of disposal	2,909,785	-
Accumulated depreciation	(1,915,172)	-
Proceeds from disposal	(1,244,460)	-
Gain on disposal	(249,847)	-

9. RECEIVABLES	2022	2021
	K	K
Staff loans and advances	7,091,851	5,517,243
Staff loans marked to market (9.1)	3,927,553	3,033,261
Prepayments	1,627,534	1,465,047
Agency fees receivable	78,086,769	43,741,560
GRZ Receivable	-	10,391,403
Other receivables	752,739	97,800
	91,486,446	64,246,314
Impairment allowance (9.2)	(97,800)	(18,123,073)
	91,388,646	46,123,241

9.1 Staff loans mark-to-market

The ERB adjusted the interest received on staff loans to the market rate of 24.5% from the 2% interest charge per annum for all employee loans.

At beginning of the year	3,033,261	2,878,610
Current year fair value	2,201,766	1,803,029
Discounting adjustment	(1,227,912)	(1,574,767)
Amortisation charge for the year	(79,562)	(73,611)
	3,927,553	3,033,261

The carrying amount of the other receivables approximate its fair value due to their short term nature.

9.2 Impairment allowance

Impairment allowance of K97,800 relates to unpaid assessment fees for license application.

Ageing of impaired other receivables

Over 120 days	97,800	10,391,404
Based on specific provision assessment	-	7,731,669
	97,800	18,123,073

Movement in the impairment allowance

Balance at the beginning of the year	18,123,073	18,123,073
Impairment reversal on 2022 Agency fees recovered	(7,633,870)	
Write off of GRZ Grant receivable in the year	(10,391,403)	-
	97,800	18,123,073

No provision has been made for the K78,086,769 agency fee as it will be fully recovered once the administrative process for opening of dedicated bank account is exhausted.

10. CASH AND CASH EQUIVALENTS

For the purposes of the statement of cash flows, cash and cash equivalents include cash on hand and in banks, and fixed term deposits which mature within 91 days. Cash and cash equivalents at the end of the reporting period as shown in the statement of cash flows can be reconciled to the related items in the statement of financial position as follows:

Cash and cash equivalents	2,505,081	1,391,044
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ENERGY REGULATION BOARD

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11. CAPITAL GRANTS	2022	2021
	K	K
Balance at beginning of the year	567,192	586,580
Addition in the year	1,463,987	-
Credit to other comprehensive income during the year.	(325,200)	(19,388)
Balance at end of the year	1,705,979	567,192

The capital grant refers to a grant from the Government of the Republic of Zambia made in 2004 towards the construction of ERB offices and was made available from licence fees payable to Government by ERB. It is amortised on a straight line basis over 50 years. In the current year 2022, the ERB received a capital grant support of K1,463,987 from the African Development bank towards the purchase of equipment used in the Cost of service Study. The grant is being amortised over the useful life of the asset of 4 years.

12. DEFERRED EMPLOYEE BENEFITS	2022	2021
Balance at beginning of the year	25,563,678	24,112,088
Provision made during the year	42,123,150	33,061,857
Paid during the year	(22,681,177)	(13,899,202)
	45,005,651	43,274,743
Less: payable within one year, included in other payables (note 13)	(18,958,739)	(17,711,065)
Payable after more than one year	26,046,912	25,563,678

As stated in Note 2.7, Deferred Employee Benefits refers to staff end of contract gratuity and service benefits.

13. PAYABLES	2022	2021
Sundry payables	8,496,231	7,161,698
Employee benefits payable within a year (note 12)	18,958,739	17,711,065
Leave pay provision	6,698,950	6,631,501
PAYE and NAPSAs payable	4,757,624	4,405,396
	38,911,544	35,909,660

Sundry payables are analysed as follows:

Trade payables	2,439,830	823,908
Other payables	2,128,848	3,304,529
Mark to market adjustment	3,927,553	3,033,261
	8,496,231	7,161,698

The carrying amount of the payables approximate its fair value due to their short term nature.

ENERGY REGULATION BOARD

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Kwacha

14. OPERATING LEASE ARRANGEMENTS

Board as a lessee

The operating lease relates to one lease for office with an average lease term of 1 year. The lease involves the occupancy of the office building at plot number 84 Mayadi Lubwa road, Chinsali and Plot Number 659, John Hunt Way, Livingstone. The ERB does not have an option to purchase the leased property at the expiry of the lease period.

Because of the short term nature of the lease above, no right of use asset and related liability have been recognised as its exempted from IFRS 16 - Leases considerations.

Payments recognised as an expense .

228,000

228,000

Board as a lessor

The operating lease relates to one lease for office space with an average period of 2 years. The lease involves the occupancy of office space to the lessee at the ERB office building plot number 9330 Danny Pule Road, Lusaka.

Rental income

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-

15. RELATED PARTY TRANSACTIONS

In the context of the ERB, related party transactions include any transactions carried out with any of the following:

- The Government of the Republic of Zambia;
- Parastatals and other statutory bodies; and
- Members of the Board and key management personnel.

The transactions to be reported are those that affect the ERB in making financial and operating decisions.

Examples of such transactions include:

- Funding;
- Bank balances; and
- Procurement and investment contracts.

Transactions during the year

2022

2021

Grant receivable for the year from the Government

86,330,393

75,069,908

The Board undertakes to disclose the nature of related party relationships, types of transactions necessary for the understanding of the annual financial statements.

Compensation of Board members and key management personnel

The remuneration of Board members and other members of key management (Director General and all Heads of Departments) during the year was as follows:

ENERGY REGULATION BOARD

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	2022	2021
(i) Key management compensation		
Salaries and Emoluments	21,198,923	15,899,197
Retirement benefits	6,012,199	6,710,798
Napsa/NHIMA	251,427	257,161
Other benefits	511,537	396,812
Total key management compensation	27,974,086	23,263,968
(ii) Board Members allowances, Fees for service as Members of the Board	3,297,520	2,070,272
(iii) Loans to key management personnel	251,768	180,722

The recovery of loans to key management personnel is assured as employees borrow in accordance with the terms and conditions of service that they are entitled to.

16. FINANCIAL RISK MANAGEMENT POLICIES

Categories of financial instruments	2022	2021
Financial assets at amortised cost		
- Other receivables (excludes prepayments and Government receivables)	7,844,590	5,615,043
- Cash and cash equivalents	2,505,081	1,391,044
	10,349,671	7,006,087
Financial liabilities at amortised cost		
- Payables (excluding statutory liabilities)	8,496,231	7,161,698
	8,496,231	7,161,698

Financial risk management objectives

The ERB's Finance Department co-ordinates access to domestic markets, monitors and manages the financial risks relating to the operations of the ERB. These risks include market risk (including currency risk), credit risk, liquidity risk and cash flow interest rate risk.

The ERB does not enter into or trade financial instruments, including derivative financial instruments.

Market risk

The ERB's activities expose it primarily to the financial risks of changes in foreign currency exchange rates (see below). The ERB does not enter into any derivative financial instruments to manage its exposure to interest rate and foreign currency risk, including any forward foreign exchange contracts to hedge the exchange rate risk.

There has been no change to the ERB's exposure to market risks or the manner in which it manages and measures the risk.

Foreign currency risk management

The ERB undertakes certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise.

The ERB is exposed to foreign exchange risk arising primarily with respect to cash and cash equivalents which are denominated in US Dollars, for which ERB does not hedge for such risks, but uses cashflow planning to match foreign denominated payments against available foreign denominated cash and cash equivalents.

The carrying amounts of the ERB's foreign currency denominated bank and cash balances at the reporting date are as follows:

ENERGY REGULATION BOARD

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16. FINANCIAL RISK MANAGEMENT POLICIES(CONTINUED)

	USD	K
At 31 December 2022		
Cash and cash equivalents	2,582	46,683
Total foreign currency assets	2,582	46,683

At 31 December 2021

Cash and cash equivalents	2,602	43,297
Total foreign currency assets	2,602	43,297

Foreign currency risk management **2021** 2020

The following are exchange rates for the significant currencies applied as at the date of the statement of financial position:

1 USD =	18.08	16.640
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Foreign currency sensitivity

The following table illustrates the foreign denominated balances' sensitivity to a 24% (2021: 32%) decrease in the Kwacha against the US dollar. 24% is the sensitivity rate that management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only foreign currency denominated monetary items outstanding at the reporting date and adjusts their translation for a 24% change in foreign currency rates. This analysis assumes all other variables remain constant. The analysis is performed on the same basis for 2021.

Effect in Kwacha

	On deficit for the year/ accumulated funds
31 December 2022	
Zambian Kwacha	11,204
31 December 2021	
Zambian Kwacha	13,855

Credit risk management

In line with IFRS 9, the ERB assesses the credit risk that a counterparty may default on its contractual obligations resulting in financial loss to the ERB and as such the expected credit loss has been identified and accounted for accordingly in the statement of profit and loss. Refer to note 2.12.4 'recognition of expected credit losses' for further details, for which ERB has applied specific customers impairment assessment.

ENERGY REGULATION BOARD

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Kwacha

16. FINANCIAL RISK MANAGEMENT POLICIES (CONTINUED)

Market risk (continued)

Foreign currency sensitivity (continued)

The ERB's maximum exposure to credit risk is analysed below:

	2022	2021
Other receivables (excludes Prepayments and Government receivables)	7,844,590	5,615,043
Cash and cash equivalents*	2,488,789	1,372,441
	10,333,379	7,006,087

* Excludes petty cash balances

Liquidity risk management

The ERB manages liquidity risk by maintaining adequate reserves and banking facilities and by continuously monitoring forecast and actual cash flows and matching the maturity profile of financial assets and liabilities.

The table below analyses ERB's financial liabilities that will be settled on a net basis into relevant maturity based on the remaining period at the statement of financial position date to the contractual maturity date. The amounts disclosed in the table below are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

Liabilities	1-3 months	3 -12 Months	Total
Payables (excluding statutory liabilities)	8,496,231		8,496,231
	8,496,231	-	8,496,231

Year ended 31 December 2021

Liabilities

Payables (excluding statutory liabilities)	7,161,698	-	7,161,698
	7,161,698	-	7,161,698

ENERGY REGULATION BOARD

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16. FINANCIAL RISK MANAGEMENT POLICIES (CONTINUED)

Liquidity risk management (continued)

Year ended 31 December 2022

Fair value measurements

The information set out below provides information about how the Board determines fair values of various financial assets and financial liabilities.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges (for example, Lusaka Stock Exchange).
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components.

This hierarchy requires the use of observable market data when available. The Board considers relevant and observable market prices in its valuations where possible.

Fair value of the Board's financial assets and financial liabilities that are measured at fair value on a recurring basis

There were no financial assets and liabilities that are measured at fair value on a recurring basis during the period.

Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required)

The directors consider that the carrying amounts of financial assets and financial liabilities recognised in the financial statements approximate their fair values.

Financial instruments by category as at 31 December 2022

	K	Total K
Financial assets at amortised cost		
Cash and cash equivalents	2,505,081	2,505,081
Other receivables (excluding prepayments and statutory receivables)	7,844,590	7,844,590
	<u>10,349,671</u>	<u>10,349,671</u>
Financial Liabilities at amortised costs		
Payables (excluding statutory liabilities)	8,496,231	8,496,231

ENERGY REGULATION BOARD

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Kwacha

16. FINANCIAL RISK MANAGEMENT POLICIES (CONTINUED)

Financial instruments by category as at 31 December 2021

	K	Total K
Financial assets at amortised cost		
Cash and cash equivalents	1,391,044	6,856,119
Other receivables (excluding prepayments and statutory)	5,615,043	24,113,388
	<u>7,006,087</u>	<u>30,969,507</u>
Financial Liabilities at amortised costs		
Payables (excluding statutory liabilities)	4,454,848	4,454,848

Capital risk management

ERB is grant aided by the Government of Zambia and receives its funding from the Ministry of Finance in the annual national budget. Further, ERB had no borrowings at the end of the year (2021: Nil) and as such the entity was not geared (2022: Not geared)

17. CAPITAL COMMITMENTS

There were no capital commitments as at 31 December 2022 (2021: Nil).

18. CONTINGENT LIABILITIES

The following cases; Juliet BungonVs ERB on claim of wrongful dismissal, Coming up for trial in 2023; ERB Vs Kasgon Energy Limited for recovery of fees due, filed in November 2022 and awaits allocation of date; Lumwana Copper Mine Limited and Other Vs Energy Regulation Board; Laupula Energy

The contingent liability from the case can not be ascertained as they matters are yet to be head.

19. EVENTS AFTER THE REPORTING DATE

There were no material significant events after the reporting date that require disclosure in or adjustments to the financial statements.

20. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs)

20.1 Amendments to IFRSs that are mandatorily effective for the current year

In the current year, the Board has applied a number of amendments to IFRSs issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2022.

21. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs)

Amendments to IAS 16 'Property, Plant and Equipment' on Proceeds before Intended Use

The amendment to IAS 16 prohibits an entity from deducting from the cost of an item of PPE any proceeds received from selling items produced while the entity is preparing the asset for its intended use (for example, the proceeds from selling samples produced when testing a machine to see if it is functioning properly). The proceeds from selling such items, together with the costs of producing them, are recognised in profit or loss.

The change above has had no material impact on the financial statements

Effective date: 1 January, 2022

ENERGY REGULATION BOARD

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

21. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs) (CONTINUED)

Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' on Onerous Contracts—Cost of Fulfilling a Contract

The amendment clarifies which costs an entity includes in assessing whether a contract will be loss-making. This assessment is made by considering unavoidable costs, which are the lower of the net cost of exiting the contract and the costs to fulfil the contract. The amendment clarifies the meaning of 'costs to fulfil a contract'. Under the amendment, costs to fulfil a contract include incremental costs and the allocation of other costs that relate directly to fulfilling the contract.

The change above has had no material impact on the financial statements

Effective date: 1 January, 2022

Annual Improvements to IFRS Standards 2018-2020

IFRS 9-'Financial Instruments'- Clarifies which fees should be included in the 10% for derecognition of financial liabilities.

IFRS 16-'Leases'- Amendment of *illustrative* example 13 to **remove** the illustration of payments from the lessor relating to leasehold improvements to remove any confusion about the treatment of lease incentives.

The change above has had no material impact on the financial statements

Effective date: 1 January, 2022

21.2 Amendments to IFRSs that are not yet effective

Amendment to IAS 1 'Presentation of Financial Statements' on Classification of Liabilities as Current or Non-current

The amendment clarifies that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant).

The change above will have no material impact on the financial statements

Effective date: 1 January, 2023

Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'- Definition of Accounting Estimates

The amendments clarify how entities should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important because changes in accounting estimates are applied prospectively to future transactions and other future events, but changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as current accounting period.

The change above will have no material impact on the financial statements

Effective date: 1 January, 2023

ENERGY REGULATION BOARD**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022****NOTES TO THE FINANCIAL STATEMENTS**

Amendments to IAS 1 and IFRS Practice Statement 2

IAS 1 was amended to require entities to disclose their material rather than significant accounting policies. These amendments define what is 'material accounting policy information' and explain how to identify when accounting policy information is material. They further clarify that immaterial accounting policy does not need to be disclosed. If it is disclosed, it should not obscure material accounting information. In this regard, the IASB amended IFRS Practice statement 2 'Making Materiality Judgements to provide guidance on how to apply the concept of materiality to account policy disclosures.

The change above will have no material impact on the financial statements

Effective date: 1 January, 2023

IPSAS Adoption (Effective periods ending on or after 31 December 2022)

The Zambia Institute of Chartered Accountants (ZICA) issued a pronouncement on Applicability of International Public Sector Accounting Standards (IPSAS) in Zambia. The Institute notified the general public and members of the accountancy profession that the pronouncement is effective for Government Ministries, Provinces and Spending Agencies for financial statements for periods ending on or after 31st December, 2022.

This effectively entails that all Government Ministries, Provinces and Spending Agencies will be required to prepare financial statements under the accruals IPSAS framework. The coverage includes Central Government, Local Authorities and related government entities such as Agencies, Boards, Commissions and other related bodies.

ENERGY REGULATION BOARD

APPENDIX I: UNAUDITED DETAILED OPERATING STATEMENT FOR THE YEAR ENDED 31 DECEMBER

Kwacha	2022	2021
Income		
Government revenue grants	86,330,393	75,069,908
Agency Fees	94,080,519	43,529,797
Other income		
Assessment fees	8,026,639	9,318,829
Interest income	102,125	85,076
Amortisation of capital grants	325,200	19,388
Sale of application forms	589,189	331,968
Registration of Suppliers	5,500	8,500
Gain on disposal of assets	249,846	-
Other Sundry income	11,921	7,550
Amortisation of staff benefit	79,562	73,611
	9,389,982	9,844,922
Total income	189,800,894	128,444,627
Expenditure		
Employee costs	103,018,661	101,331,550
Office expenses	5,117,668	4,955,166
Depreciation	2,578,922	2,661,610
Publicity and consumer outreach	3,153,882	2,187,048
Board Members' emoluments	3,297,520	2,070,272
Regulatory advocacy costs	4,544,970	1,989,850
Standard enforcement	3,517,965	2,698,530
Subscriptions	3,164,525	2,832,965
Training	2,292,871	1,144,896
Board Training expenses	2,038,153	-
Tariff review & pricing	2,219,771	1,174,166
Postage, telephone and fax	2,017,285	2,374,977
Staff welfare	2,179,205	1,687,617
Medical expenses	2,224,443	2,190,851
Insurance expenses	917,944	928,288
Workshops	741,962	657,609
Other Audits and Consultancy	866,283	571,131
Motor vehicle expenses	1,443,425	990,287
Board regulatory and meetings expenses	3,041,329	2,904,318
Standards development costs	714,770	449,142
Printing and stationery	774,182	644,271
Licence development and review	614,837	633,272
Energy market reform costs	726,296	311,414
External Audit Fees	288,788	288,788
Legal Framework	191,772	1,512,234
Office rent	304,225	419,190
Legal fees	511,432	991,830
Regulatory research & dev costs	557,437	491,705
Bank charges and interest	100,043	94,082
Workers compensation	91,904	84,202
Staff recruitment	119,344	40,673
Bad debt provision/(Release)	(7,633,870)	-
Exchange loss	31,339	61,162
Integrity Committee costs	-	161,102
Total expenditure	145,769,283	141,534,198
Surplus/(Deficit) for the year	44,031,611	(13,089,571)

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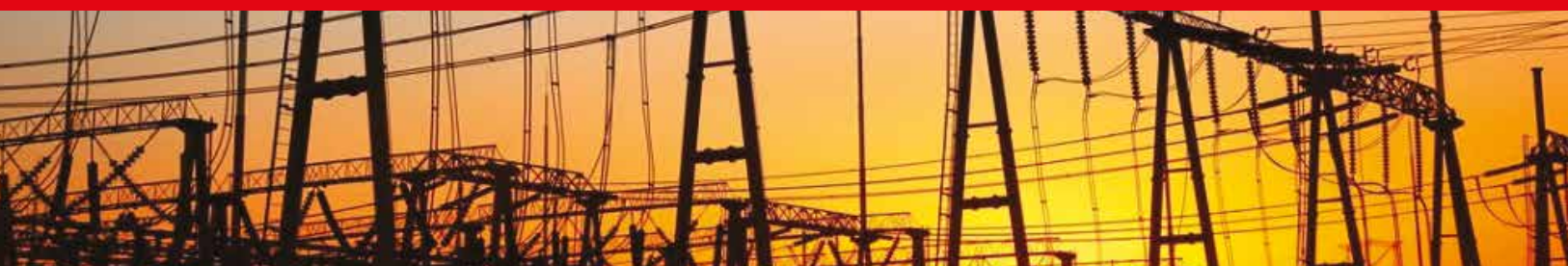
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We safeguard your interests