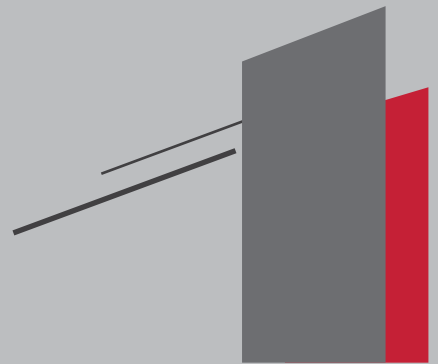


# ANNUAL REPORT

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## 2023





## **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.”



## **CORE VALUES**

In carrying out its mandate, ERB is guided by and adheres to the following core values:

### **Teamwork**

We respect and support individual strengths and skills for the collective achievement of our goals.

### **Integrity**

We always do the right thing, at the right time, in the right way.

### **Predictability**

We are proficient, professional, consistent, fair and reliable.

### **Innovation**

We continually pursue improved techniques to provide the best solutions.

### **Transparency**

We are accountable, open and straightforward in our operations.

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# OUR MANDATE

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## OUR MANDATE

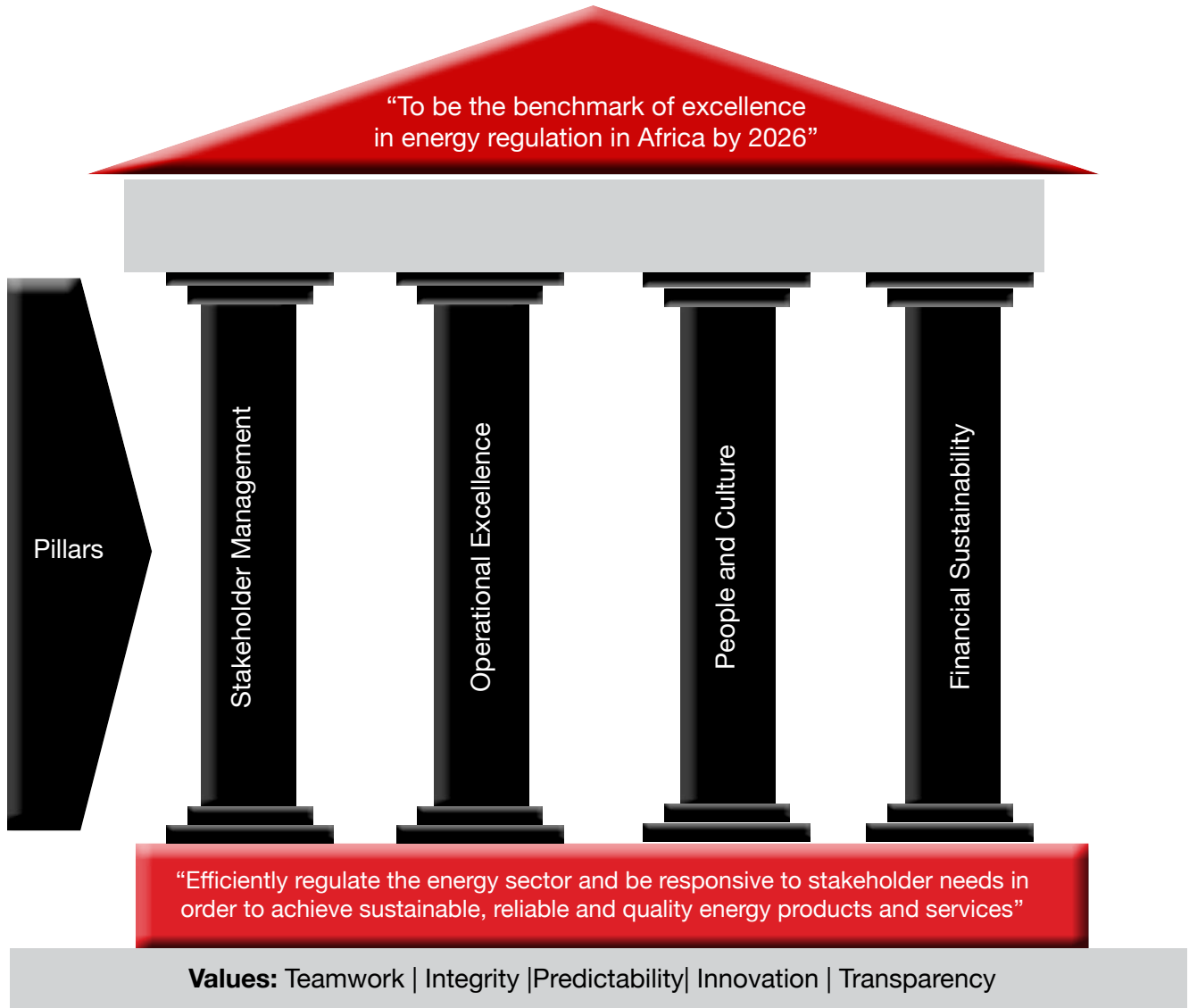
The Energy Regulation Board (ERB) was established in 1997 following the enactment of the Energy Regulation Act, Cap 436 of the Laws of Zambia. ERB was established to regulate undertakings/utilities in the energy sector such as electricity, fossil fuels (petroleum) and other forms of energy which include solar, biomass, wind, geothermal and coal, through specialised licences it would issue. Since inception, the ERB has developed regulatory procedures and systems to facilitate the regulation of the energy sector in line with its mandate and mission. Aspiring to be a world class, firm but fair regulator that inspires the confidence of all stakeholders, the ERB is regulating the energy sector in Zambia with due consideration to the world trends in the sector.

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. This is 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. Ultimately, ERB seeks to ensure stakeholder satisfaction in the energy sector which is a key driver for spurring economic development.



# OUR STRATEGIC PILLARS

The vision and the mission are underpinned by the strategic pillars depicted below.





# HIGHLIGHTS

# THE BOARD CHAIRPERSON'S STATEMENT



It is my singular honour on behalf of the Board to present the Annual Report and the Audited Financial Statements for the Energy Regulation Board (ERB) for the year ended 31<sup>st</sup> December 2023.

## DEVELOPMENT OF REGULATIONS

During the year under review, in line with the provisions of the Energy Regulation Act No. 12 and Electricity Act No. 11 of 2019, the ERB developed various regulations, including the Energy Regulation (General) Regulations, Statutory Instrument (SI) No. 41 of 2023. This SI facilitates private third-party access to the TAZAMA pipeline for the transportation of petroleum products, particularly low sulphur diesel. This initiative is aimed at reducing transportation costs to attain lower diesel pump prices. Additionally, the SI allowed for the exemption of mini grids from heavy-handed regulation, thereby supporting the development of the renewable energy subsector.

Furthermore, during the year under review, the Tribunal Rules were promulgated to provide a mechanism for stakeholders to appeal to the Minister of Energy in cases where they are aggrieved with the decisions made by the ERB.

## DEVELOPMENT OF REGULATORY FRAMEWORKS

During the year under review, the ERB made significant strides in developing regulatory frameworks to effectively regulate the energy sector. These included the development of the ZESCO 2023-2025 Key Performance Indicator (KPI) Framework for performance monitoring, increasing accountability and incentivising improvement in the operations of the utility.

The ERB formulated pricing frameworks for Liquefied Petroleum Gas (LPG) and Biofuels, fostering predictable pricing of these commodities and supporting the development of alternative energy sources.

In line with the ERB's strategic pillar for operational efficiency, the ERB prioritized the enhancement of its own service delivery through the revision of the ERB Customer Service Charter, aiming to elevate the level of service provided by the regulator. These efforts reflect the ERB's commitment to cultivating a conducive regulatory environment and promoting sustainable energy practices.

## ELECTRICITY TARIFF AND ELECTRICITY SUPPLY AGREEMENT APPROVAL

During the review period, the ERB approved two tariff adjustment applications submitted by ZESCO and North Western Energy Corporation (NWECC) for the multi-year period spanning from 2023 to 2027. Additionally, the ERB approved a total of 48 Electricity Supply Agreements, marking a significant increase from the 9 agreements approved in the preceding year of 2022.

## PRICING OF PETROLEUM PRODUCTS

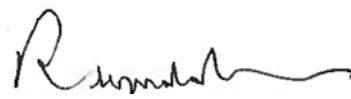
During the year under review, the ERB implemented revisions to the wholesale and pump prices of petroleum products monthly, adhering to the principles of the Cost-Plus Pricing model. In 2023, fuel prices underwent adjustments in response to fluctuations in key cost driving factors in the international market, notably the international oil market prices and the exchange rate of the Zambian Kwacha to the United States Dollar.

In the year 2023, fuel prices were adjusted upward four (4) times to align with shifts in the cost elements. Conversely, there were four (4) downward adjustments made in response to market conditions. Additionally, four (4) fuel price revisions resulted in a no-change position as the price changes remained below 2.5% on average. These adjustments were made to ensure fair and competitive pricing while maintaining stability in the petroleum market.

## NON-TAX REVENUE COLLECTION

During the financial year 2023, the ERB achieved a total revenue collection of ZMW 1.4 billion, reflecting a notable increase of 7.69% compared to ZMW 1.3 billion in 2022. This improved performance can be attributed to various factors, including aggressive debt management strategies, rigorous audit verification exercises conducted, and overall growth in the energy sector. Additionally, contributions from the newly established Kafue Gorge Lower Power Development Corporation also augmented revenue generation.

It is my conviction that this report comprehensively highlights the activities and operations of the ERB undertaken during the year 2023, in alignment with our mandated responsibilities. On behalf of the Board, I extend my heartfelt gratitude for the invaluable support received from the Government of the Republic of Zambia, cooperating partners, licensees, consumers, academia, media, and the general public in ensuring the provision of effective regulatory services by the ERB. Lastly, I commend the singularity of purpose exhibited by Management and staff, whose tireless efforts have significantly contributed to advancing a regulatory regime that fosters developments and investments in the energy sector.



Eng. Reynolds C. Bowa  
**BOARD CHAIRPERSON**

# DIRECTOR GENERAL'S STATEMENT



The ERB's Board, Management, and staff have demonstrated commendable dedication and achieved significant milestones in the implementation of our 8<sup>th</sup> Strategic Business Plan (SBP) objectives.

Of particular note is the development and implementation of numerous regulatory instruments, which have played a crucial role in advancing the regulatory framework of the energy sector. These initiatives signify the ERB's commitment to fostering a conducive environment for sustainable energy development in Zambia.

## LICENCE ISSUANCE

In order to spur investments in the energy sector, a total of 382 standard licences were issued in the year 2023 against 361 issued in 2022. As such, 287 licences were issued in the petroleum subsector while 85 and 10 were issued in the renewable energy and electricity subsectors, respectively. In addition, 100 Construction Permits were issued in 2023 against 98 issued in 2022. Notably, 97 permits were issued in the petroleum subsector while 3 were issued in the electricity subsector.

## DEVELOPMENT OF GUIDELINES AND STANDARDS

During the reporting period, the ERB collaborated with the Zambia Bureau of Standards (ZABS) in the development and revision of comprehensive sets of guidelines and standards aimed at ensuring safety, environmental compatibility, and consumer satisfaction across various sectors of the energy sector. These included development of 6 standards and revision of 7 standards.

## COMPLIANCE MONITORING

During the reporting period, the ERB conducted audits on licensed enterprises to ensure adherence to technical standards, license conditions, codes of practice, directives, and guidelines. The power quality performance of the Interconnected Power System in 2023 improved to 77%, surpassing the target of 75%. The overall performance on petroleum product quality compliance was 98% in 2023 which met the regulatory target of 97% and indicated an improvement in average compliance from 97% recorded in 2022. In this regard, the fuel distributed in the country met acceptable quality standards. Petroleum infrastructure achieved an overall average compliance rate of 93.1% in 2023.

These findings underscore the ERB's commitment to ensuring the quality and reliability of energy products and services in the energy sector. Continued monitoring and engagement with licensees will be essential to maintain and improve compliance levels in the future.

## FUEL MARKING

The Fuel Marking Programme in 2023 showcased a commendable level of compliance and efficacy in upholding the quality of petroleum products in Zambia. The overall pass rate for samples collected in 2023 stood at 99%, representing a notable improvement from the 97% recorded in 2022.

## ENFORCEMENTS

In 2023, the ERB carried out enforcement action against 41 licensees for violations of the Energy Regulation Act No. 12 of 2019 and breaches of licence conditions.

## RISK MANAGEMENT

In a bid to enhance its operational resilience, the ERB formulated a Risk Management Strategy, closely aligned with the guidelines set forth by the Ministry of Finance. Additionally, the ERB proactively developed a Business Continuity Management Plan, aiming to facilitate smooth business operations in the face of unexpected calamities.

## STAKEHOLDER ENGAGEMENTS

During the period under review, the ERB developed a Stakeholder Management Plan to facilitate effective communication with key stakeholders including consumers, licensees, government, and cooperating partners. Therefore, as part of its stakeholder engagement efforts in the year 2023, the ERB convened a forum for members of the Energy, Water Development and Tourism Committee of Parliament on 5<sup>th</sup> July, 2023. The primary objective of this meeting was to provide parliamentarians with updates on key developments in the energy sector. In addition, the ERB held town hall meetings, industry meetings, exhibitions, open days, expositions, media awards and a university quiz among others.

Acknowledging the significance of its staff as vital stakeholders, the ERB conducted a structural review in an effort to improve operational efficiency. This reflects the organization's commitment to optimizing its internal processes and ensuring the effectiveness of its workforce.

## COMPLAINTS HANDLING

During the review period, the ERB received a total of 546 complaints and resolved 344 cases by December 31, 2023, reflecting a resolution rate of 63%. This marks an improvement from the 59% resolution rate recorded in 2022. The increase in resolution rate can be attributed to heightened awareness of complaints procedures and enforcement measures taken against non-compliant licensees.

## FINANCIAL SUSTAINABILITY

I am pleased to report that the ERB had successfully achieved its license revenue collection target for the year, surpassing it by 6.91% to reach a total of K495 million, against a target of K463 million. Additionally, we are immensely grateful for the support received from numerous cooperating partners throughout the year, which has greatly aided our implementation of regulatory initiatives. Specifically, in 2023, among others, we received support from and concluded various standards owing to assistance from the United States Agency for International Development (USAID) Alternatives to Charcoal (A2C) Project.

## PEOPLE MANAGEMENT

In recognition of the crucial role played by our people and culture in fostering a conducive working environment, the ERB undertook various measures aimed at enhancing the well-being of our staff. This included a restructuring of the organization's structure, supported by the Management Development Division of the Cabinet Office. Additionally, the ERB prioritized capacity building and staff development through the implementation of various training initiatives throughout the year. Furthermore, management facilitated for the Emoluments Commission to carry out a rationalization and harmonization of salaries and conditions of service within the ERB. Finally, as part of promoting a high-performance culture, the ERB implemented a robust performance management tool during the year under review.

## FINAL WORD

In closing, I commend the Board of Directors for their continued support in providing strategic direction and guidance to the institution. I also wish to acknowledge the entire ERB team for their hard work and dedication, which has been instrumental in achieving our objectives and making a positive impact in the energy sector.



---

Eng. Yohane Mukabe  
**DIRECTOR GENERAL**

# INSTITUTIONAL OVERVIEW AND INTRODUCTION

ENERGY  
REGULATION  
BOARD



8<sup>th</sup> Strategic Plan  
Business Plan  
2022 – 2026

Interests



# 1 INSTITUTIONAL OVERVIEW AND INTRODUCTION

## 1.1 Introduction

The Energy Regulation Board (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. In adherence to its mandate, and the approved budget for the fiscal year 2023, the ERB diligently carried out regulatory initiatives within the energy sector. Throughout the year under review, the ERB engaged in a range of regulatory activities, including licensing, development of standards and guidelines, monitoring licensee compliance, setting of prices for energy products and services, as well as actively participating in stakeholder engagements and handling complaints.

This report provides an overview of the Institution's performance and detailed activities undertaken during the period 1<sup>st</sup> January to 31<sup>st</sup> December 2023.

## 1.2 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) 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;
- g) Stipulate conditions relating to the location, installation or construction of a common carrier, or an energy facility or an installation;
- 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 and 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.

### **1.3 Governance Structure**

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

#### **1.3.1 Board of Directors**

The Board of Directors is responsible for providing strategic direction and oversight. The Board comprises seven part-time members appointed by the Minister pursuant to Section 5 of the Energy Regulation Act as follows:

- a) The Chairperson;
- b) Representative of Engineering Institution of Zambia (EIZ);
- c) Representative of Law Association of Zambia (LAZ);
- d) Representative of Economics Association of Zambia (EAZ);
- e) Representative of Zambia Environmental Management Agency (ZEMA);
- f) Representative of Zambia Institute of Chartered Accountants (ZICA); and
- g) One person with relevant knowledge and experience with matters relating to the Energy Sector.

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**



Mr. James Banda  
**Vice Chairperson**



Mr. Michael Kachumi  
**Member**



Mrs. Karen Banda-Etondo  
**Member**



Mr. Banji Kalenga  
**Member**



Mrs. Jane M. Mulenga  
**Member**



Dr. Mususu Kaonda  
**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) Licensing Committee (LC); and
- e) Technical Committee (TC);

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.

One of the notable decisions made by the board during the period under review was the approval of the Biofuels Pricing Framework aimed at promoting the use of biofuels in Zambia. Biofuels, derived from renewable sources such as plants, are recognized for their environmentally friendly attributes, producing fewer greenhouse gas emissions compared to conventional fossil fuels. By incentivizing the blending of biofuels into the national fuel supply, Zambia can significantly reduce its carbon footprint and contribute meaningfully to global efforts to combat climate change.

Moreover, the development of a biofuels industry holds promise for creating new economic opportunities, particularly within the agricultural sector. With farmers cultivating crops specifically for biofuel production, there is potential for increased agricultural productivity, job creation, and enhanced rural development. For instance, crops like sugarcane, maize, or jatropha can be utilized for biofuel production, providing additional income streams for farmers while contributing to the country's energy independence.

### **1.3.2 Executive Management**

The Director General leads the management team and is responsible for overseeing the institution's daily operations assisted by six Directors. Figure 1-2 illustrates the composition of the Executive Management for the year 2023.

## Figure 1-2: Composition of the Executive Management Team



**Mr. Yohane Mukabe**  
**Director General**



**Ms. Mwenya Chama**  
**Director - Finance**



**Ms. Naomi Fulaza**  
**Director - Licensing**



**Mr. Mwiika Malindima**  
**Director - Corporate & Consumer Affairs**



**Ms. Edna Mutalama**  
**Director - Legal/Board Secretary**



**Mr. Alfred Mwila**  
**Director - Economic Regulation**

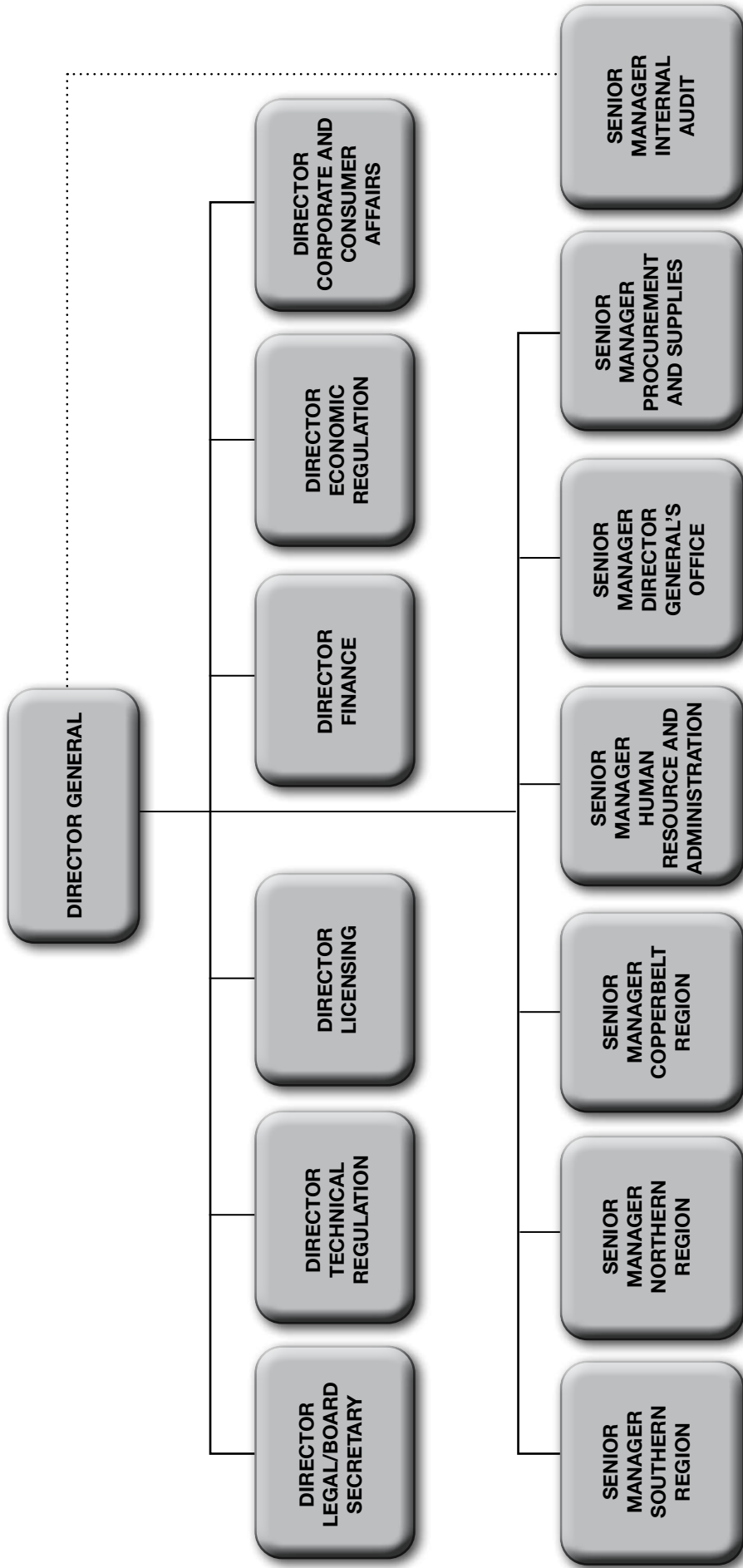


**Mr. Allen Polito**  
**Director - Technical Regulation**

### 1.3.3 Executive Committee

The Executive Committee (ExCo) headed by the Director General is the management decision making organ which comprises the Director General, Heads of Departments, Regions, and Units. The ExCo for the year 2023 is shown in Figure 1 -3.

**Figure 1-3: Executive Committee Organogram**



## 1.4 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, two (2) regulations were enacted as summarised in Table 1-1.

**Table 1-1: Summary of Regulation/Rules developed/amended in 2023**

Regulation	Detail and status
<b>Under the Energy Regulation Act, 2019</b>	
Amendment to the Energy Regulation (General) Regulations, Statutory Instrument No. 42 of 2021	The Regulations were amended in September 2023 to provide among other things, the ease of developing mini-grids and Open Access to the TAZAMA Pipeline.
Enactment of the Tribunal Rules	The Rules were promulgated in February 2023 to facilitate the operations and procedures of the tribunal to hear appeals related to decisions of the Board in line with Section 54 of the Energy Regulation Act.



**LICENSING, REGULATORY  
APPROVALS AND  
STANDARDS  
DEVELOPMENT**



## 2 LICENSING AND REGULATORY APPROVALS

In line with its mandate to regulate the energy sector, the ERB issues licenses and construction permits to enterprises seeking to operate within this sector, which is categorized into three subsectors:

- a) Electricity;
- b) Petroleum; and
- c) Renewable Energy.

Construction permits are granted to enterprises aiming to establish energy infrastructure, while standard licenses are issued to enterprises intending to operate in the sector.

Additionally, in accordance with Part V, Clause 32 of SI No. 41 of 2023, the ERB oversees the confirmation of excluded activities, such as:

- a) the importation of solar equipment for domestic or non-commercial use;
- b) importation of lubricants for domestic or non-commercial use;
- c) importation of solar equipment for Government projects; and
- d) importation of lubricants for equipment intended for Government projects.

Appendix 2-1 offers a concise summary of the types of licenses granted by the ERB across all three subsectors.

### 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 382 standard licences were issued during the year 2023 against 361 issued in 2022.

Table 2-1 outlines the number of licences issued per subsector in 2023 against those issued in 2022.

**Table 2-1: Number of Standard Licences issued by subsector in 2023 and 2022**

Subsector	Licences issued in year	
	2023	2022
Petroleum	287	309
Renewable Energy	85	44
Electricity	10	8
<b>Total</b>	<b>382</b>	<b>361</b>

## 2.1.2 Construction Permits

During the period under review, a total of 100 Construction Permits were issued as broken down in Table 2-2.

**Table 2-2: Number of Construction Permits issued by subsector in 2023 and 2022**

Subsector	Number of Construction Permits issued	
	2023	2022
Petroleum	97	96
Electricity	3	2
<b>Total</b>	<b>100</b>	<b>98</b>

## 2.2 Electricity Supply Agreements

In line with the provisions of Section 3 of the Electricity Act No. 11 of 2019, the ERB is mandated to review, approve, and regulate Power Purchase/Supply Agreements (PPA/PSA).

In 2023, the ERB reviewed and approved 48 Electricity Supply Agreements as indicated in Appendix 2-2. The Agreements reviewed included PPAs, PSAs, Wheeling Agreements, Balancing Agreements, Use-of-System Agreements, as well as addendums to PPAs/PSAs indicated in Table 2-3 below.

**Table 2-3: Summary of Approved Electricity Supply Agreements**

No.	Electricity Supply Agreements	Number
1	Power Purchase Agreements	7
2	Power Supply Agreements	32
3	Wheeling Agreements	2
4	Balancing Agreements	1
5	System Operation Agreements	1
6	Addendum to Transmission Agreements	1
7	Addendum to Power Purchase Agreements	3
8	Addendum to Bulk Supply Agreements	1
	<b>Total</b>	<b>48</b>

The increase in Electricity Supply Agreements from nine (9) in 2022 to 48 in 2023 was primarily driven by the migration of ZESCO's MD3 and MD4 customers to PSAs following the endorsement of the 2023 to 2027 Multi-Year Tariffs. Previously, ZESCO categorized its Maximum Demand (MD) customers into MD1, MD2, MD3, and MD4, with power requirements of up to 25,000kVA.

Under the new multi-year tariffs, the Maximum Demand category has been restructured into three (3) categories for power requirements up to 5,000kVA. Consequently, customers consuming above 5,000kVA are now mandated to enter into PSAs with ZESCO. Thus, the customers who need dedicated service are required to negotiate tariffs with ZESCO tailored to their specific needs. This approach ensures that ZESCO achieves cost reflectivity in delivering the dedicated service.

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

The Energy Regulation Act No. 12 of 2019, Section 4(h), entrusts the ERB with the responsibility to develop or revise technical standards concerning the quality, safety, and reliability of energy products and services, in collaboration with the Zambia Bureau of Standards (ZABS). Additionally, Section 4(m) of the same Act mandates the ERB to formulate codes of practice and guidelines.

During the review period, the ERB actively fulfilled these mandates by developing and revising thirteen (13) standards, two (2) Key Performance Indicator (KPIs) Frameworks, and three (3) guidelines, as detailed in Table 3-1.

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

Type of document developed and the subsector	Name of document
<b>Standards</b>	
Electricity subsector	DZS 691: Safety in AC Substation Earthing
	DZS 690 - Design, Construction and Operation of Electric Power Substations for Community Acceptance and Environmental Compatibility
	DZS 397 2023: Electricity Supply – Quality of Consumer Service – Specification
Petroleum subsector	DZS 1261: Petroleum Customer Quality of Service Standard
	DZS 749: Portable Metal Containers for Compressed, Dissolved and Liquefied Gases: Basic Design Criteria, Use and Maintenance - Code of Practice
Renewable energy subsector	DZS 702: Automotive Biodiesel (B100) – Specification.
	DZS 706: Specification for Anhydrous Denatured Fuel Ethanol for Blending with Gasoline for use as Automotive Spark-Ignition Engine Fuel.
	DZS 867: Biodiesel Fuel Blends for Automotive Compression Ignition Engines – Specification.
	DZS 868: Anhydrous Ethanol Fuel Blends Quality Standard for Automotive Spark Ignition Engines – Specification.
	DZS 869: Blending and Handling of Biofuels – Code of Practice.
	DZS 1272 - 1: Biomass pellets specification
	DZS 1272 - 2: Wood and Non-wood Pellets
DZS 1272 - 3: Gasifier cookstoves	
<b>KPI Frameworks</b>	
Electricity subsector	ZESCO Key Performance Indicators Framework for the Period January 2023 to December 2025
	Key Performance Indicators Framework for Non-State-Owned Enterprises (Northwestern Energy Corporation Limited and Rural Electrification Authority) for the Period 2024 to 2026
<b>Guidelines</b>	
Electricity subsector	Standard Connection Charges Methodology
	Power Purchase and Power Supply Agreements Review Guidelines
Petroleum subsector	Guidelines for approval of additives in petroleum products

# COMPLIANCE MONITORING AND ENFORCEMENT



# 4 COMPLIANCE MONITORING AND ENFORCEMENT

## 4.1 Compliance Monitoring

As stipulated in Section 4(c) of the Energy Regulation Act, the ERB diligently upheld its responsibility to monitor the performance of licensed enterprises, ensuring adherence to established standards, license conditions, Board orders, and guidelines. The compliance monitoring activities conducted in 2023 are highlighted in the following subsections.

### 4.1.1 Service and Product Quality Monitoring

The outcomes of the service and product quality monitoring conducted in 2023 regarding power quality, petroleum product quality, and the Fuel Marking Programme are detailed below:

#### 4.1.1.1 Power Quality

In 2023, the ERB diligently enforced power quality and reliability requirements to facilitate the technical and economic efficiency of the Zambian Interconnected Power System (IPS). This enforcement remained consistent with the Power Quality Management System (PQMS) and Power Quality (PQ) Directives established in 2015.

The directives mandate licensees to install PQ recorders at various locations within their networks to effectively monitor power supply quality and reliability. Furthermore, licensees are required to report system performance in accordance with Parts 1 to 4 of the Zambian Standard, ZS 387 (Power Quality and Reliability Standards).

Additionally, the ERB set a minimum regulatory target for 2023 of 75% compliance with standards for all electricity enterprises operating within the IPS. These included:

- a) ZESCO Limited (ZESCO);
- b) Copperbelt Energy Corporation Plc (CEC);
- c) Ndola Energy Company Limited (NECL);
- d) Lunsemfwa Hydro Power Company Limited (LHPC);
- e) Maamba Collieries Limited (MCL);
- f) Itezhi-tezhi Power Corporation Limited (ITPC);
- g) Bangweulu Power Company Limited (BPC);
- h) Ngonye Power Company Limited (NPC); and
- i) North-Western Company Limited (NVEC).

During the period under review, the ERB continued its efforts to engage licensees to ensure the completion of PQ recorder installations in line with the PQMS framework. The ERB monitored the progress of installation of PQ recorders, as illustrated in Table 4-1.

**Table 4-1: Progress on Installation of PQ Recorders as of 31<sup>st</sup> December 2023**

Licensee	Target Number of Sites for Recorder Installation	Actual Number of Sites with Recorders Installed and Monitored	% of Target Sites monitored
ZESCO	161	130	81%
CEC	172	172	100%
NECL	4	4	100%
MCL	2	2	100%
LHPC	11	5	45%
ITPC	2	2	100%
BPC	1	1	100%
<b>Total (IPS)</b>	<b>353</b>	<b>316</b>	<b>90%</b>

Out of the targeted 353 sites requiring installation of PQ recorders, a total of 316 sites were installed with recorders and monitored in 2023, as shown in Table 4-1 above. This represents an increase from the 288 sites monitored in 2022. Most electricity enterprises achieved PQ installation requirements, contributing to the high overall number of sites monitored on the IPS in terms of power quality monitoring.

**Table 4-2: Summary of Power Quality Performance of 2023 compared to 2022**

Period of monitoring	Average score (%)	
	2023	2022
Q1	77	75
Q2	74	75
Q3	79	75
Q4	77	75
<b>Average Score</b>	<b>77</b>	<b>75</b>
<b>Regulatory Target</b>	<b>75</b>	<b>73</b>

In 2023, the PQ performance, as outlined in Table 4-2, demonstrated an improvement compared to 2022. The average score was 77%, against a regulatory target of 75% and indicating a 2% points increase from the 2022 average. Despite a slight dip in Q2 to 74%, the performance in other quarters was above target. This overall trend signifies adherence to PQ standards and reflects the successful and continuous implementation of strategies aimed at enhancing PQ across the IPS. The regulator will continue engaging with licensees to ensure improved and sustained compliance with PQ Standards and Directives.

#### 4.1.1.2 Petroleum Product Quality

The ERB conducts routine sampling and testing of petroleum products from Government and Oil Marketing Company (OMC) depots across the country. A total number of 266 samples were collected and taken for laboratory quality testing in the year 2023. 257 out of the 266 samples collected fully complied with the respective product quality specification standards. Nine (9) samples failed to meet the requirements of which four (4) were Low Sulphur Gasoil and five (5) were Unleaded Petrol samples. After the recorded failures, additional investigations were conducted to validate the findings, after which, appropriate enforcement actions were undertaken. The overall quality compliance rating was found to be 98%, which met the set product quality target of 98% for the year 2023 for petroleum product quality compliance. The overall results for the tests are shown in Table 4-3.

**Table 4-3: Test results for Petroleum Product Samples collected in 2023 and 2022**

Product	% of collected samples that complied to quality standards	
	2023	2022
Unleaded Petrol	94.0	97.4
Low Sulphur Diesel	98.0	92.3
Kerosene	100.0	100.0
Jet A-1	100.0	100.0
<b>Total/Average</b>	<b>98.0</b>	<b>97.0</b>
<b>Regulatory Target</b>	<b>98.0</b>	<b>95.0</b>

#### 4.1.1.3 Fuel Marking Programme

During the period under review, the Fuel Marking Programme, which was initiated in 2018, continued to play a critical role in ensuring the integrity and quality of petroleum products within Zambia. This programme involved addition of an invisible biochemical solution to (marking) all Low Sulphur Gas Oil, Petrol, and Kerosene uplifts and imports intended for domestic consumption. The marking process was conducted at various operational Government and OMC depots.

In 2023, a total of 1,346,265.48<sup>1</sup> m<sup>3</sup> of fuel was marked, compared to 1,886,717.55 m<sup>3</sup> in 2022. A total of 5,475 samples were collected and tested in 2023, compared to 5,904 samples in 2022. The decrease in quantities of fuel marked and samples collected was attributed to the suspension of marking with effect from 1<sup>st</sup> September 2023 to 16<sup>th</sup> December 2023 as a result of the expiry of the contract with the service provider.

The procurement process for the provision of Fuel Marking Services was concluded in the fourth quarter of 2023 and marking of fuel resumed on 16<sup>th</sup> December 2023 following the signing of the contract with Petro (Z) limited in consortium with TraceTag International.

The overall pass rate for samples collected in 2023 was 99% compared to 97% recorded in 2022 as depicted in Table 4-4 below.

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

Province	2023 sampling and testing results <sup>2</sup>		2022 sampling and testing results	
	No. of samples collected	% Pass rate	No. of samples collected	% Pass rate
Central	522	99.67	461	98.92
Copperbelt	1,091	98.52	1,640	94.09
Eastern	367	99.33	303	99.01
Lusaka	2,370	99.19	2,090	98.47
Northwestern	220	96.43	352	95.74
Southern	392	99.81	454	98.02
Western	105	98.67	147	99.32
Northern	169	100.00	201	99.50
Muchinga	116	100.00	131	96.95
Luapula	123	98.85	125	99.20
<b>Total</b>	<b>5,475</b>	<b>99.00<sup>3</sup></b>	<b>5,904</b>	<b>97.00</b>

In the absence of marking, the ERB monitored the uplifts of kerosene (the common adulterant) from TAZAMA Depots and subsequently validated the deliveries to the declared destinations. In the process, enforcement action was recommended against one (1) licensee for selling kerosene uplifted from TAZAMA from unlicensed premises contrary to the provisions of the Energy Regulation Act No. 12 of 2019.

<sup>1</sup> The volume comprises 1,278,372.63m<sup>3</sup> and 67,892.8490m<sup>3</sup> marked by Authentix Inc from 1<sup>st</sup> January 2023 to August 31<sup>st</sup>, 2023, when the contract expired and Petro (Z) Limited in Consortium with TraceTag International from 16<sup>th</sup> to 31<sup>st</sup> December 2023 respectively

<sup>2</sup> The data for Quarter 4, 2023, is not included as the marking and monitoring of fuel were not undertaken for most of this quarter. As such, the pass rates for each province in 2023 are averaged from the first three quarters.

<sup>3</sup> The total average pass rate for 2023 is calculated from the average pass rates of all provinces.

In addition, the ERB monitored the volumes imported by OMC and validated the same against the deliveries to the declared destinations. This activity did not yield the intended results due to ERB's inability to access real time data for all declared imports. In this regard, the ERB engaged Zambia Revenue Authority (ZRA) with a view to gain access to the Automated System for Customs Data (ASYCUDA) for real time data on volumes of fuel being declared at various entry ports. The process of setting up access to the ASYCUDA world is expected to be completed in the first quarter of 2024. Upon gaining access to real-time data, the ERB will enhance its capacity to monitor imports and validating volumes of fuel marked going forward.

#### 4.1.2 Energy Infrastructure Compliance Monitoring

In the year 2023, the ERB conducted compliance audits of energy infrastructure for licensed enterprises in the electricity, petroleum, and renewable energy sub sectors to ascertain compliance to licence conditions, standards, and codes of practice against the ERB set targets for energy infrastructure.

##### 4.1.2.1 Electricity Infrastructure

In 2023, the ERB adopted a risk-based audit approach mainly focused on distribution electricity infrastructure, the bulk supply points (BSPs), critical loads such as hospitals and water supply systems, areas experiencing security of supply and voltage challenges.

The overall average compliance for the audited electricity distribution infrastructure (of voltage not exceeding 66kV) was 77% which was above the ERB set target of 74% for the electricity supply industry (ESI) as shown in Table 4-5 below.

**Table 4-5: Compliance score of Electricity Distribution Infrastructure inspected by ERB in 2023 and 2022**

Licensee	2023		2022	
	Number of Infrastructure inspected	Average Compliance	Number of Infrastructure inspected	Average Compliance
ZCCZ	10	82,30%	2	96,50%
ZESCO	415	75,60%	385	74,00%
NWEC	13	70,00%	10	82,20%
CEC	37	97,60%	37	97,10%
<b>Total/Avg. Performance</b>	<b>475</b>	<b>77.00%</b>	<b>434</b>	<b>76.00%</b>
<b>Regulatory Target</b>	<b>-</b>	<b>74.00%</b>	<b>-</b>	<b>72.00%</b>

##### 4.1.2.2 Petroleum Infrastructure

In 2023, the ERB conducted inspections of 482 retail service stations for compliance monitoring purposes, achieving an overall compliance rate of 89.2%. 220 out of 482 service stations scored above the regulatory target of 95%. Additionally, the average compliance rate for bulk depots was 93.5%, with 18 out of 29 depots inspected surpassing the regulatory target threshold of 95%.

For LPG bulk storage facilities, the regulatory target threshold for 2023 was set at 88%. A total of 13 facilities were inspected during the year, with only one (1) failing to score above the minimum compliance threshold.

The anomalies discovered during the inspections were communicated to licensees, and corrective action was requested within a defined timeframe. Subsequently, the ERB conducted verification inspections, after which enforcement actions were taken for continued non-compliance.

TAZAMA Pipeline attained a compliance score of 96%, exceeding the 95% compliance threshold. It's important to note that INDENI Energy Limited was not inspected in 2023 due to its non-operational status for most part of the year.



Table 4-6 below provides for a comparison of average compliance and regulatory targets for both 2022 and 2023.

**Table 4-6: Results of Petroleum Infrastructure Compliance Monitoring**

Facility	Regulatory Target	Average Compliance	
	2023	2023	2022
Retail Service Stations	95	89.2	94.3
Fuel Depots	95	93.5	95.0
LPG Depot/ Filling Plant	88	93.7	95.7
Refinery	95	N/A	N/A
Pipeline	95	96.0	94.5

#### 4.1.2.3 Renewable Energy Infrastructure

In 2023, the ERB maintained a strategic focus on promoting renewable energy to diversify the electricity generation mix. The ERB adopted a balanced approach to monitoring renewable energy licensees, applying stringent requirements to utility-scale, grid-connected solar power plants, while employing a light-handed approach for other renewable energy entities. This approach ensures that all renewable energy licensees comply with their license conditions and applicable standards, ultimately aiming to provide quality and reliable energy in line with established regulatory tools.

The ERB adopted a risk-based approach towards auditing renewable energy license holders, focusing on areas of higher risk. The decision to adopt a risk-based approach reflects a strategic pivot towards more targeted and effective regulatory oversight. For the period under review, the ERB audited 38 enterprises that are licensed to manufacture, supply, install and maintain renewable energy generating equipment (see Appendix 4-1) compared to 110 in 2022, while 10 mini-grids were audited in 2023 compared to 11 in 2022.

The audits identified the need for licensees to acquire conformity assessment certificates as key area for improvement in order to ensure product quality. Moving forward, the Energy Regulation Board (ERB) is committed to prioritizing stakeholder engagement with renewable energy stakeholders. By raising awareness about applicable standards and fostering collaboration among industry players, the ERB aims to create a more informed and compliant market environment. Through these efforts, the ERB can effectively mitigate the absence of product conformity certification, contributing to the provision of reliable and high-quality renewable energy solutions in Zambia. This proactive approach will not only benefit consumers but also strengthen the overall integrity and sustainability of the solar industry in the country.

#### 4.1.3 Environmental Impact Assessments

In line with its mandate, the ERB collaborates with Zambia Environment Management Agency (ZEMA) to formulate measures to minimize the environmental impact of activities carried out in the energy sector. Therefore, in 2023, the ERB reviewed and provided regulatory comments on all the Environmental Impact Assessments (EIAs) that were received from ZEMA, as shown in Table 4-8.

**Table 4-7: EIAs reviewed and commented by the ERB for proposed Energy Projects in 2023**

Subsector	No. of EIAs received from ZEMA and reviewed/commented by ERB	
	2023	2022
Electricity	12	3
Petroleum	159	197
Renewable Energy	1	2
<b>Total</b>	<b>172</b>	<b>202</b>

### 4.1.3 Financial Monitoring and Non-Tax Revenue

The ERB is tasked with contributing to non-tax revenue, with an annual collection target set by the Ministry of Finance. It receives self-assessed non-tax revenue returns from licensees and conducts risk-based revenue audits to ensure the accuracy and completeness of financial returns. In 2023, the ERB audited a total of 36 licensees, an increase from 30 in the previous year, aiming to uphold financial compliance and protect Government revenue.

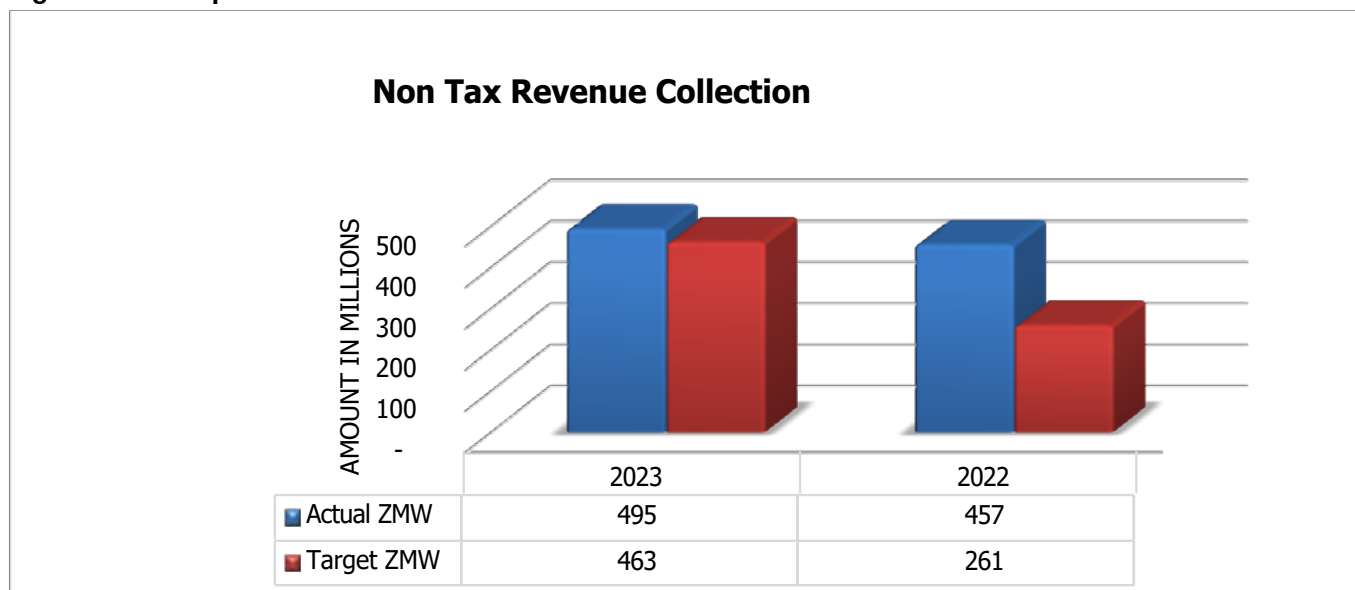
Additionally, during the period under review, the ERB prioritized the collection of outstanding debt from licensees, intensifying its revenue enforcement efforts to enhance debt recovery.

Overall, as illustrated in Figure 4-1 and detailed in Table 4-8, the ERB collected ZMW495 million against the Ministry of Finance’s target of ZMW463 million. This represents 6.91% collection above the target set by the Ministry of Finance for 2023 and 8.32% surplus compared to the ZMW457 million collected in 2022.

**Table 4-8: Non-Tax Revenue (Licence Fees) collected by the ERB in 2023 and 2022**

Collection	2023			2022		
Description	Actual	Target	Variance	Actual	Target	Variance
Licence fees (ZMW)	494,584,689	462,822,809	31,761,812	457,177,243	260,994,546	196,182,697

**Figure 4-1: Comparison of Non-Tax Revenue collection for 2023 and 2022**

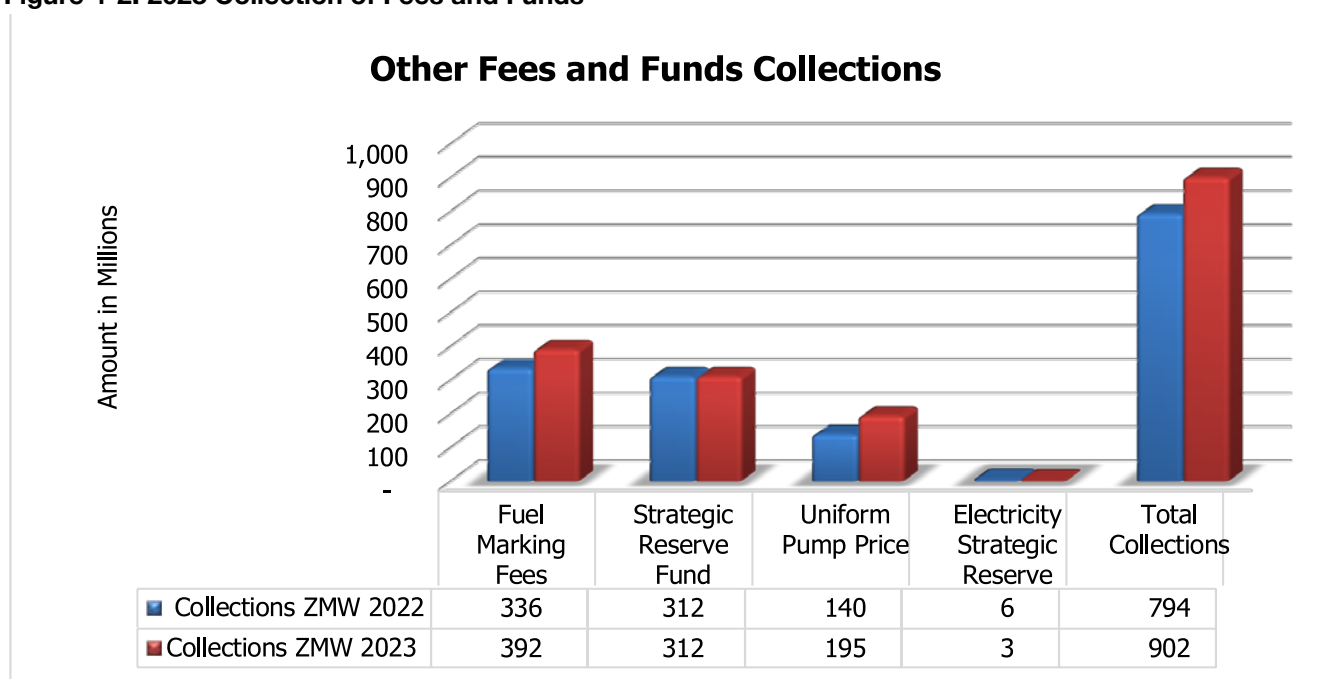


In addition to non-tax revenue derived from license fees, the ERB also collected ZMW 902 million in other fees and funds during the fiscal year 2023, marking a notable increase from ZMW 794 million in 2022, representing a growth of 13.6%. The breakdown of contributions from other fees and funds collection is illustrated in Figure 4-2 and further detailed in Table 4-9.

**Table 4-9: Other Fees and Funds collected by the ERB in 2023 and 2022**

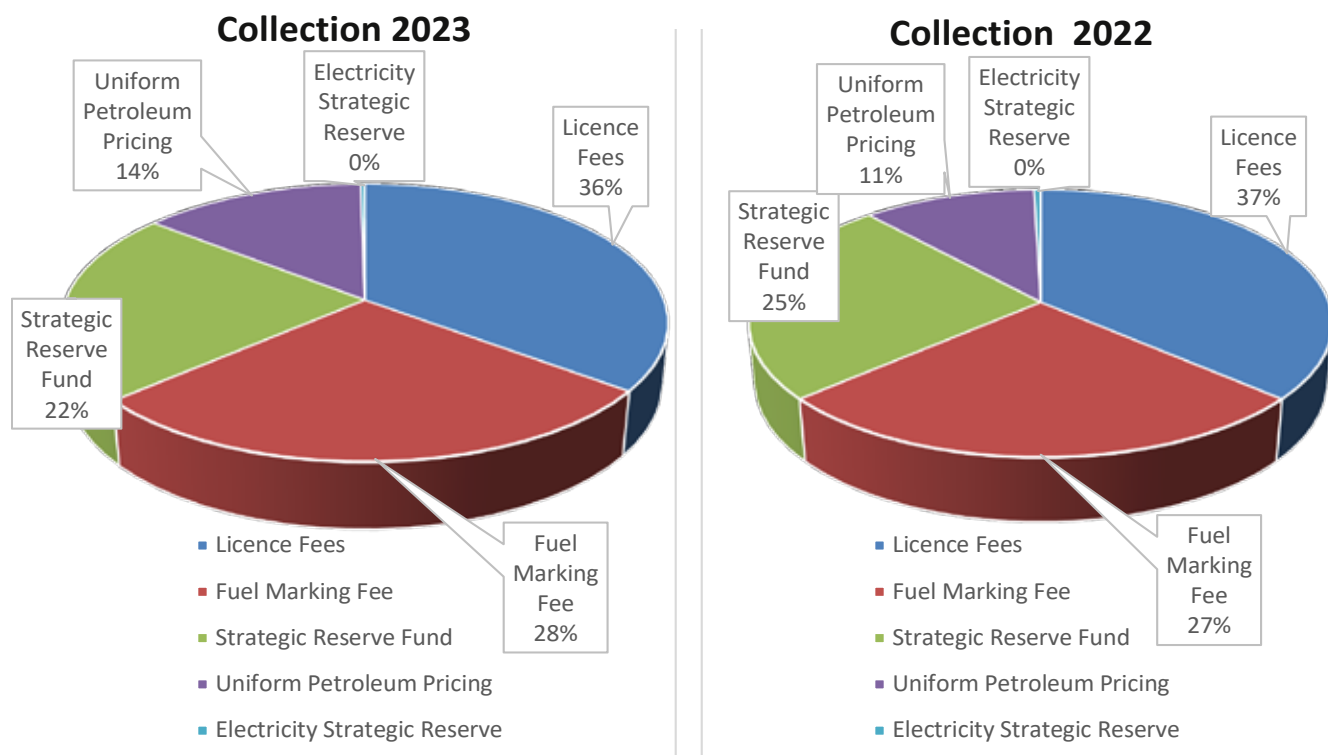
Description	Collections ZMW 2022	Collections ZMW 2023	Variance ZMW
Fuel Marking Fee	336,409,737	391,587,116	55,177,379
Strategic Reserve Fund	311,972,157	312,456,959	484,802
Uniform Petroleum Pricing	139,708,859	194,540,734	54,831,875
Electricity Strategic Reserve	5,421,805	3,693,450	(1,728,355)
<b>Total Collections</b>	<b>793,512,558.09</b>	<b>902,278,259</b>	<b>108,765,701</b>

**Figure 4-2: 2023 Collection of Fees and Funds**



During the year 2023, the ERB collected gross revenue, comprising license fees and other energy funds, totalling ZMW 1.4 billion. This represents a growth of 7.69% from the ZMW 1.3 billion collected in 2022, The improved performance was attributed to several factors, including aggressive debt management practices, rigorous audit verification exercises conducted throughout the year, and overall expansion within the energy sector. Additionally, contributions from collections received from the newly established Kafue Gorge Lower Power Development Corporation Limited further boosted the revenue growth. The comprehensive breakdown of total funds collected during the period under review is depicted in Figure 4-3.

**Figure 4-3: 2023 Total Funds Collected**



## 4.2 Performance Monitoring

The ERB monitors the efficiency and performance of licensed enterprises operating in the energy sector through routine financial, technical, and commercial performance reviews. In carrying out this mandate, the ERB uses KPI Frameworks to set performance targets that act as proxy for a competitive market.

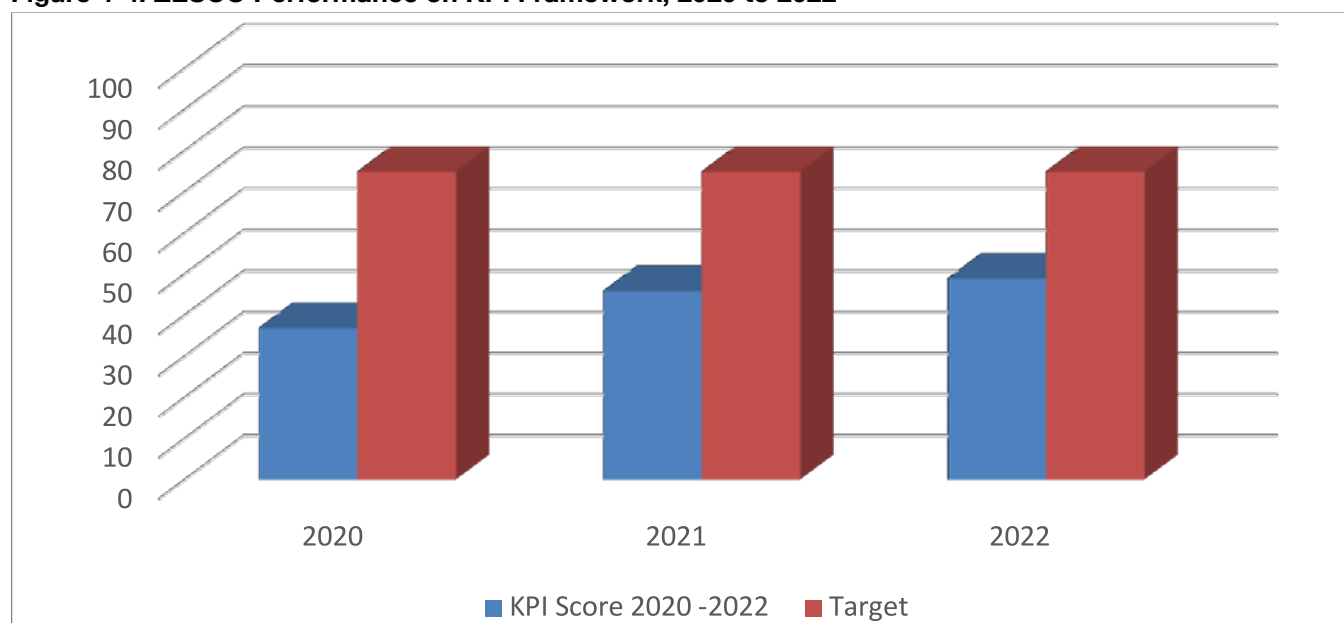
This section presents the results of the KPI performance assessments undertaken by the ERB during the year 2023.

### 4.2.1 Key Performance Indicators for ZESCO Limited

ZESCO’s performance is monitored using a KPI Framework which runs for a three-year cycle to accommodate emerging issues in the sector. The Framework was developed with specific focus on quality of service, customer service, financial management, commercial and technical operations.

In 2023, the ERB and ZESCO agreed on and implemented a new three-year KPI Framework covering the period January 2023 to December 2025. This followed the expiry of the 2020 to 2022 Framework. The new framework was informed by ZESCO’s performance on the KPI Framework for the period 2020 to 2022 by attaching a higher weighting on KPIs on which the Utility had consistently scored poorly.

**Figure 4-4: ZESCO Performance on KPI Framework, 2020 to 2022**



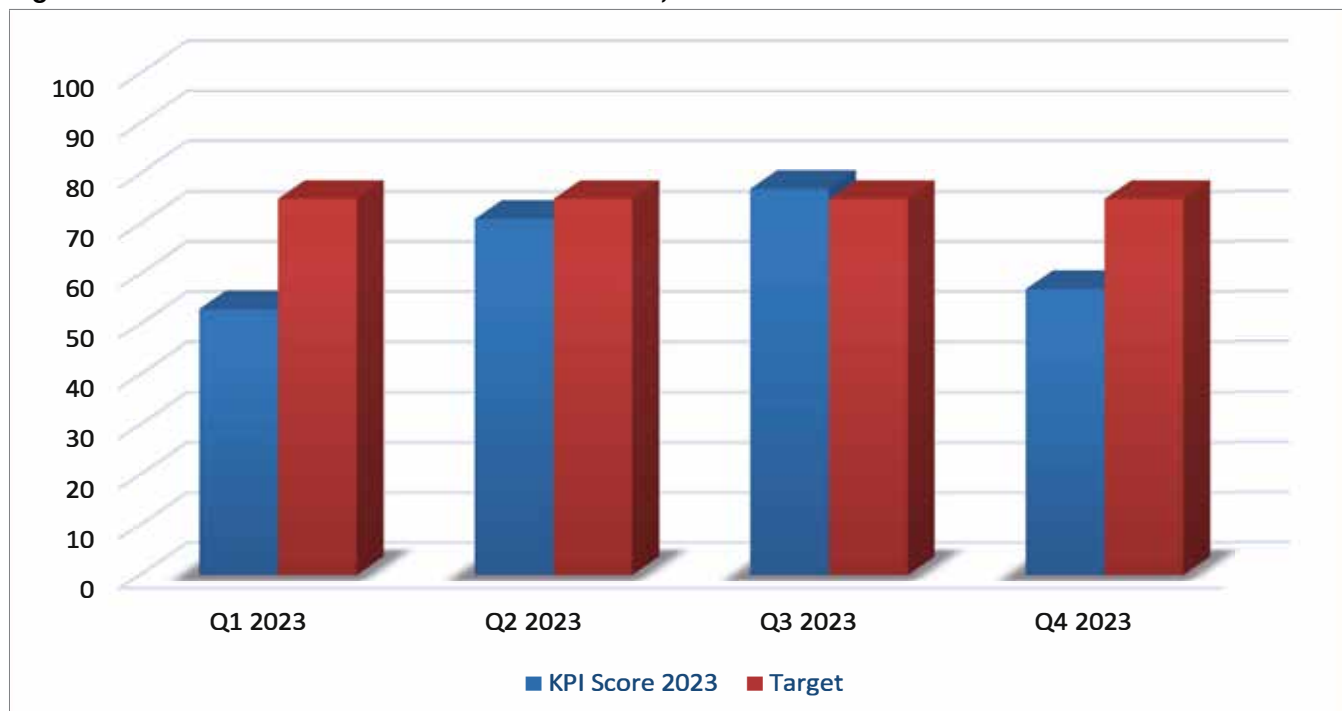
During the period under review, the ERB continued to monitor the performance of ZESCO Limited against the revised KPI framework whose thematic areas and assigned weighted scores are in the Table 4-10 below.

**Table 4-10: ZESCO's KPIs for the period January 2023 – December 2025**

No.	Key Performance Indicator (KPI)	Assigned Score (%)
1.	New customer connections	10.00
2.	Post paid billing	Monitoring only
3.	Financial performance	10.00
4.	Efficiency	15.00
5.	System losses	5.00
6.	Safety	10.00
7.	Customer service	10.00
8.	Staff productivity	8.00
9.	Quality of service	20.00
10.	Power Generation	5.00
11.	Power Quality	8.00
	<b>Total</b>	<b>100.00</b>
	<b>Minimum required score</b>	<b>75.00</b>

In 2023, the ERB continued to monitor the performance of ZESCO Limited against the revised KPI framework. Figure 4-4 illustrates the performance of ZESCO for the year 2023.

**Figure 4-5: ZESCO Performance on KPI Framework, Quarter 1-4 of 2023**



From the analysis of the KPIs, it was observed that ZESCO showed significant improvement in its performance during the second quarter of 2023. This improvement was attributed to enhanced performance in Efficiency, Quality-of-Service, and Power Quality KPIs. ZESCO attributed this favourable performance to the implementation of cost-reflective connection charges and revised electricity tariffs.

However, despite the positive performance in quarters 2 and 3 of 2023, the performance in Quarter 4 declined below that of Quarter 1. This decline was attributed to significantly poor performance in the Efficiency Indicator, stemming from an increase in Debtor Days score as a result of the growing debt. Additionally, the Quality-of-Service indicator was affected by increased maintenance works towards the end of the year, leading to longer-than-targeted system unavailability.

#### **4.2.2 Financial Performance of ZESCO**

In 2023, the ERB continued to monitor the financial performance of ZESCO Ltd. This was in a bid to ensure that the utility company operated efficiently and profitably. The set financial performance KPI targets consists of three (03) sub-indicators, namely, liquidity (measured by the current & quick ratios), solvency (measured by the debt and debt/equity ratios) and profitability (represented by the EBITDA margin).

#### **4.2.3 Key Performance Indicators for Petroleum Subsector**

##### **4.2.3.1 State Owned Enterprises**

In 2023, the ERB diligently oversaw the technical and financial performance of TAZAMA Petroleum Products Limited (TPPL), TAZAMA Pipelines Limited (TAZAMA), and INDENI Petroleum Refinery Limited (INDENI). In this regard, ERB initiated the revision of the Technical Key Performance Indicator (KPI) frameworks for INDENI and TAZAMA, with the anticipated completion of this process in 2024. Meanwhile, the technical performance of TPPL and the financial performance of all three entities are detailed in Table 4-11 below:

**Table 4-11: Petroleum State Owned Enterprise Performance against set KPIs**

Indicator	Product	Target	Actual Performance		Comment on 2023 performance
			2023	2022	
<b>TAZAMA Petroleum Products Limited</b>					
Throughput (m <sup>3</sup> )	All	-	634,441.39	955,896.24	Not assessed.
Unaccountable Losses (%)	Diesel	-0.30 %	-0.28	-0.16	Achieved
	Petrol	-0.50 %	-1.77	-1.32	Not Achieved
	Kerosene	-0.30 %	-0.13	-0.06	Achieved
No. of Petroleum Product Quality Incidents	-	0	0	0	Achieved
No. of Safety Health and Environmental incidents	-	0	0	0	Achieved
Asset Turnover	-	2	0.85	0.26	Not Achieved
Current Ratio	-	1.2	7.94	2.20	Achieved
Trade Debtor days	-	30 days	2.71	0	Achieved
Trade Creditor days	-	90 days	45.24	8.75	Achieved
<b>TAZAMA Pipelines Limited</b>					
Current ratio	-	1.2	3.14	0.19	Achieved
Debtor days	-	15 days	60.38	61.99	Not Achieved
<b>INDENI Petroleum Refinery Company Limited</b>					
Current ratio	-	1	0.49	0.33	Not Achieved
Debtor days	-	15 days	84.89	32.43	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, enforcement action was undertaken against forty (40) Licensees for various offences in breach of the Energy regulation Act No. 12 of 2019 and various breaches of Licence conditions by Licensees. Pursuant to Section 51 of the Energy Regulation Act, licensees found in contravention of the Energy Regulation Act had offences compounded through the Office of the Director of Public Prosecutions into an enforcement fine in lieu of prosecution.

#### 4.3.2 Fuel Marking Enforcement Hearings

During the period under review, an enforcement hearing was conducted against two licences under Fuel Marking of which various penalties were imposed.

#### 4.3.3 Enforcement against Illegal Fuel Vending

The ERB conducted enforcements against one (1) Licensee for illegal vending and unauthorised parking of Petroleum Road Tank Vehicles.

# PRICE REGULATION





## 5 PRICE REGULATION

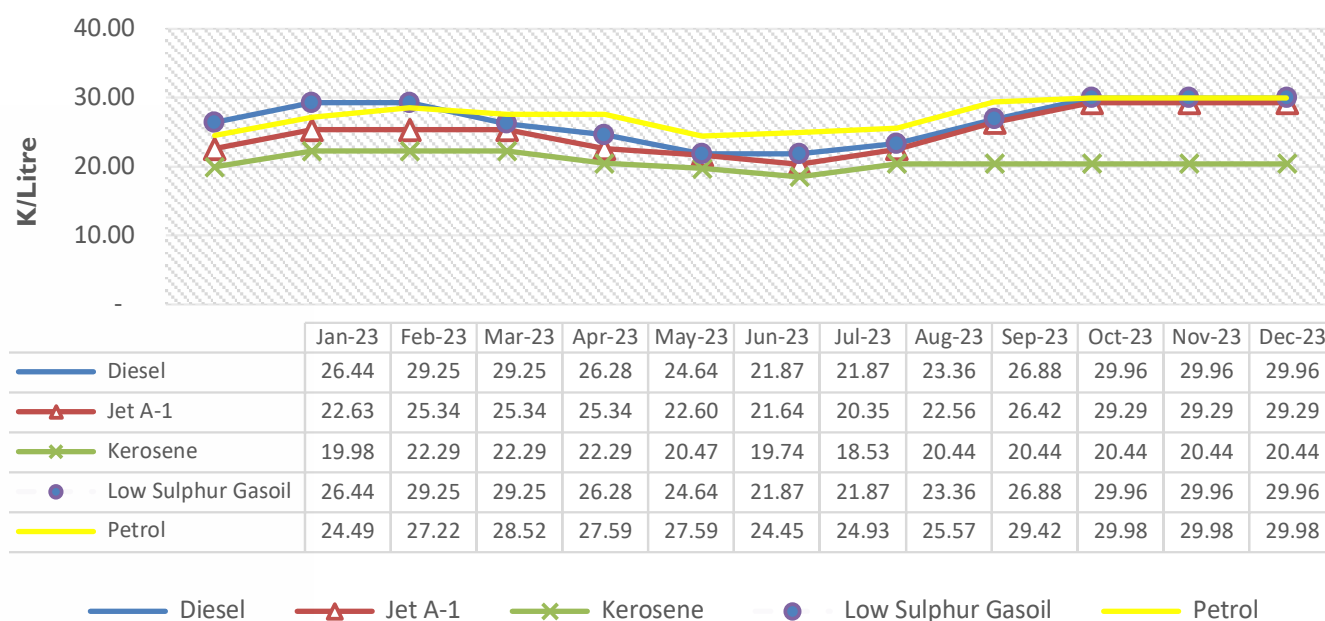
The ERB draws its mandate to determine, regulate and review charges and tariffs in the energy sector from Section 4(j) of the Energy Regulation Act No. 12 of 2019. The ERB reviews the wholesale and pump prices of petroleum products every month based on Government policy. In regulating the prices of petroleum products, the ERB seeks to balance the interests of all the key stakeholders in the sector. Therefore, the ERB ensures that the 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

Zambia imports all its petroleum from the international market. The prices of oil on the international market and the exchange rate of the Zambian Kwacha to the United States Dollar are the major variables that determine the pump prices of petroleum products in Zambia. Apart from these two variables, the changes in other associated costs which include taxes, levies, charges as well as pumping fees and processing fees are the other factors that may influence the domestic fuel prices.

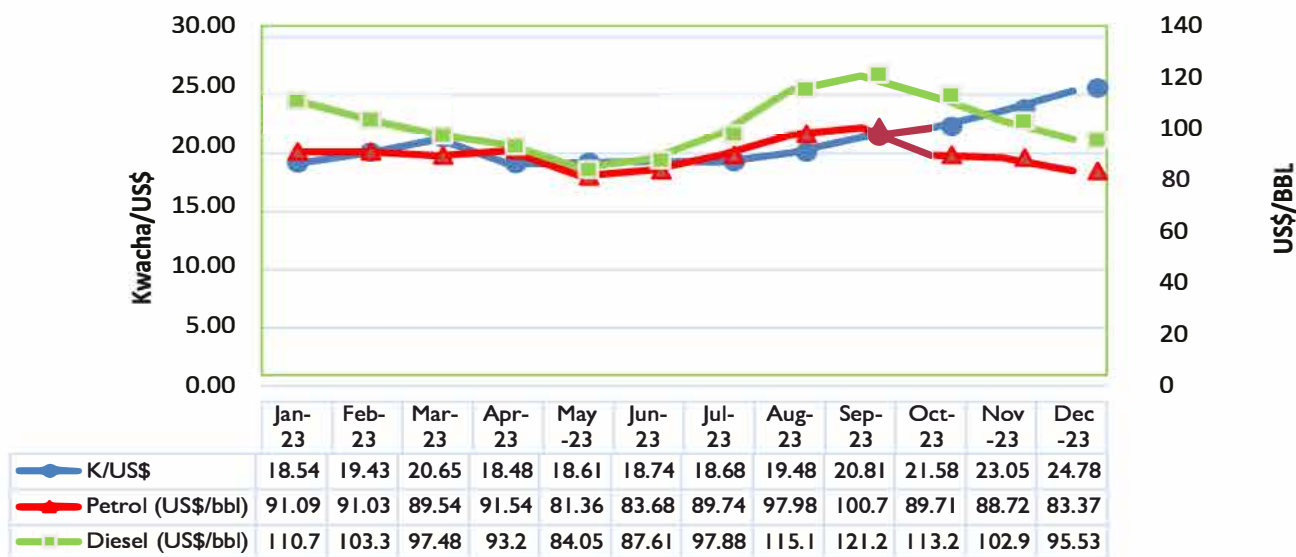
Further, for all price reviews, the ERB considers a threshold of 2.5% within which fuel prices are adjusted in order to ensure price stability. This implies that for each fuel price review, prices are not adjusted if they change by less than 2.5%, on average. Figure 5-1 shows the trend in the pump prices from January to December 2023 while Appendix 5-1 provides the December 2023 Wholesale Price Buildup.

**Figure 5-1: Trend in Pump Prices from January to December 2023**



During 2023, fuel prices were adjusted upwards four (4) times in line with the movements in the key factors that influence them being the prices of oil on the international market and the exchange rate of the Zambian Kwacha to the United States Dollar. Fuel prices were adjusted downwards four (4) times while the rest of the fuel price revisions that were conducted by the ERB resulted in a no change position as the prices changed by less than 2.5%, on average. Figure 5-2 shows the trend in the exchange rate and international oil prices from January to December 2023.

Figure 5-2: Trend in Exchange Rate and International Oil Prices from January to December 2023



### 5.1.1 Conversion of TAZAMA Pipeline

In line with the pronounced reforms for the petroleum subsector, the conversion of TAZAMA pipeline (TAZAMA) from a carrier of petroleum feedstock to a carrier of finished petroleum products commenced on 24<sup>th</sup> January 2023 and the conversion process was concluded on 16<sup>th</sup> March 2023. Consequently, on 20<sup>th</sup> March 2023, TAZAMA was officially commissioned to transport Low Sulphur Gasoil (LSG). On the same day, INDENI refinery also commenced the one-off processing of the last consignment of petroleum feedstock that was in the pipeline, into LSG, Petrol, Kerosene, Jet A-1, Heavy Fuel Oil (HFO) and Liquefied Petroleum Gas (LPG). During the period under review, INDENI also became a fully operational OMC after having obtained an OMC licence in the fourth quarter of 2022.

### 5.1.2 Review of Petroleum Downstream Margins

In line with its mandate to review tariffs and charges for the energy sector, the ERB regulates the margins of petroleum downstream players (i.e. OMCs, Dealers and Transporters) annually. In March 2023, the ERB in consultation with the Margins Committee conducted a review of the margins for OMCs, dealers, and transporters. The margins were reviewed in order to ensure that they were in line with the changes in the inflation and exchange rate. However, the margins did not change as shown in Table 5-1.

Table 5-1: 2023 Margins

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

## 5.2 Electricity Tariff Reviews

The ERB received and approved two (2) tariff adjustment applications from ZESCO and Northwestern Energy Corporation for the multi-year period 2023 to 2027 as indicated in Appendix 5-1. The assessments took into consideration the following factors necessitating the tariff adjustments:

- a) Prevailing economic conditions;
- b) Changes in the cost of generating, transmitting, distributing, and supplying electricity;
- c) Rising Cost of electricity purchases; and
- d) System and customer base expansion.

The tariffs for the period 2024 to 2027 were granted conditional approval, subject to annual true ups which will ascertain and establish the actual tariff adjustment for these subsequent years. The final tariffs will take into consideration the following:

- a) Exchange rate movements;
- b) Changes in appropriate index;
- c) The price of feedstock and any other consumables essential for power generation, distribution, and supply; and
- d) Other unavoidable cost increases and expected efficiency gains in the sector, as may be determined by the ERB.

The ERB further ties ZESCO’s multi-year tariffs to its KPI performance as a tool to incentivise the Utility by awarding tariffs based on the KPI performance. In this regard, the percentage of the total tariff awarded is determined by the KPI score attained, as presented in Table 5-2.

**Table 5-2: Tariff Award Rules**

Attained KPI score	Tariff Awarded
0% - 25%	25%
Above 25% but up to 50%	50%
Above 50% but up to 75%	75%
Above 75%	100%

# STAKEHOLDER ENGAGEMENT



## 6 STAKEHOLDER ENGAGEMENT

Effective and transparent communication is vital to ensure a thorough understanding and successful dissemination of the ERB's role and mandate among key stakeholders who include Government, Cooperating Partners, Consumers, Licensees, and the media.

The ERB employed diverse communication channels, such as traditional media outlets, exhibitions, awareness campaigns, workshops, and social media platforms to meet stakeholder expectations of proactive communication and transparency in decision-making processes.

### 6.1 Government

As a key stakeholder, the Government was engaged through the following activities:

#### 6.1.1 Submission of Quarterly Reports

Quarterly Performance reports, highlighting all key activities undertaken by the ERB, were submitted to the Ministry of Energy.

#### 6.1.2 Parliamentary Discussion Forum

The ERB held a Forum for Members of Parliament of the Energy, Water Development and Tourism committee on 5<sup>th</sup> July, 2023. The objective of the forum was to share key regulatory highlights in the energy sector with focus on petroleum and electricity pricing and fuel making.

### 6.2 Co-operating Partnerships

The ERB partnered with the USAID on the Alternatives to Charcoal (A2C) project with the objective of increasing access to alternative sources of energy for household cooking in Zambia. In the year under review, the focus was on the development and revision of relevant standards pertaining to alternative energy sources as follows:

- a) Development of DZS 1272 - 1: Biomass pellets specification;
- b) Development of DZS 1272 - 2: Wood and Non-wood Pellets;
- c) Development of DZS 1272 - 3: Gasifier cookstoves; and
- d) Revision of DZS 749: Portable Metal Containers for Compressed, Dissolved and Liquefied Gases: Basic Design Criteria, Use and Maintenance - Code of Practice.

### 6.3 Consumers

Consumer protection constitutes a fundamental aspect of the ERB's regulatory mandate. Consequently, the ERB conducted diverse activities through consumer awareness programmes regarding their rights and responsibilities.

#### 6.3.1 Consumer Awareness Programmes

To enlighten the public about its mandate and functions, the ERB undertook 38 awareness meetings, including exhibitions, workshops, town hall meetings, and public hearings. Additionally, the ERB deployed its Mobile Office for 97 awareness campaigns in high-traffic areas such as markets, schools, shopping malls, bus stops, and taxi ranks. The Mobile office was also utilized at traditional ceremonies, shows, fairs, and expositions to enhance public awareness.

This resulted in a notable increase in stakeholder engagements in 2023 totalling 135 compared to 91 in 2022, as indicated in Table 6-1.

**Table 6-1: Summary Statistics of Stakeholder Engagements**

Stakeholder Engagement type	No. of Engagements held in the year	
	2023	2022
Awareness Meetings	38	43
Mobile Office	97	48
<b>Total Stakeholder Engagements</b>	<b>135</b>	<b>91</b>

## 6.4 Licensees

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 subsectors were held.

Table 6-2 shows the number of industry meetings held in 2023.

**Table 6-2: Summary statistics of industry meetings held in 2023 and 2022**

Licensee category	2023 Meetings	2022 Meetings
Electricity	1	5
Petroleum	11	6
Renewable Energy	2	3
<b>Total</b>	<b>14</b>	<b>14</b>

### 6.4.2 Board Visits to Energy Infrastructure

In 2023, the ERB Board members toured energy facilities and held management meetings to explore potential strategic regulatory interventions. The facilities visited were:

- a) TAZAMA pipeline
- b) Kafue Gorge Upper Power Station
- c) Kafue Gorge Lower Power Station
- d) Kariba Dam
- e) Mpika Depot

## 6.5 Media

The ERB considers the media as a strategic partner in the communication of its regulatory activities and overall mandate. Traditional media remains a key communication channel for stakeholder engagement. Media engagements such as press statements, responses to press queries, newspaper articles, radio programmes, adverts and television remains the most impactful communication platforms for ERB to maintain transparency and engage stakeholders in the regulatory process.

In 2023, a total of 789 media engagements were undertaken compared to 403 undertaken in 2022, representing an increase of 96% in activities undertaken. The increase was mainly attributable to the increased and sustained information dissemination programmes and adverts driven through traditional media channels such as print media, television, and radio. Table 6-3 highlights the media interactions undertaken during the year 2023 on a quarterly basis.

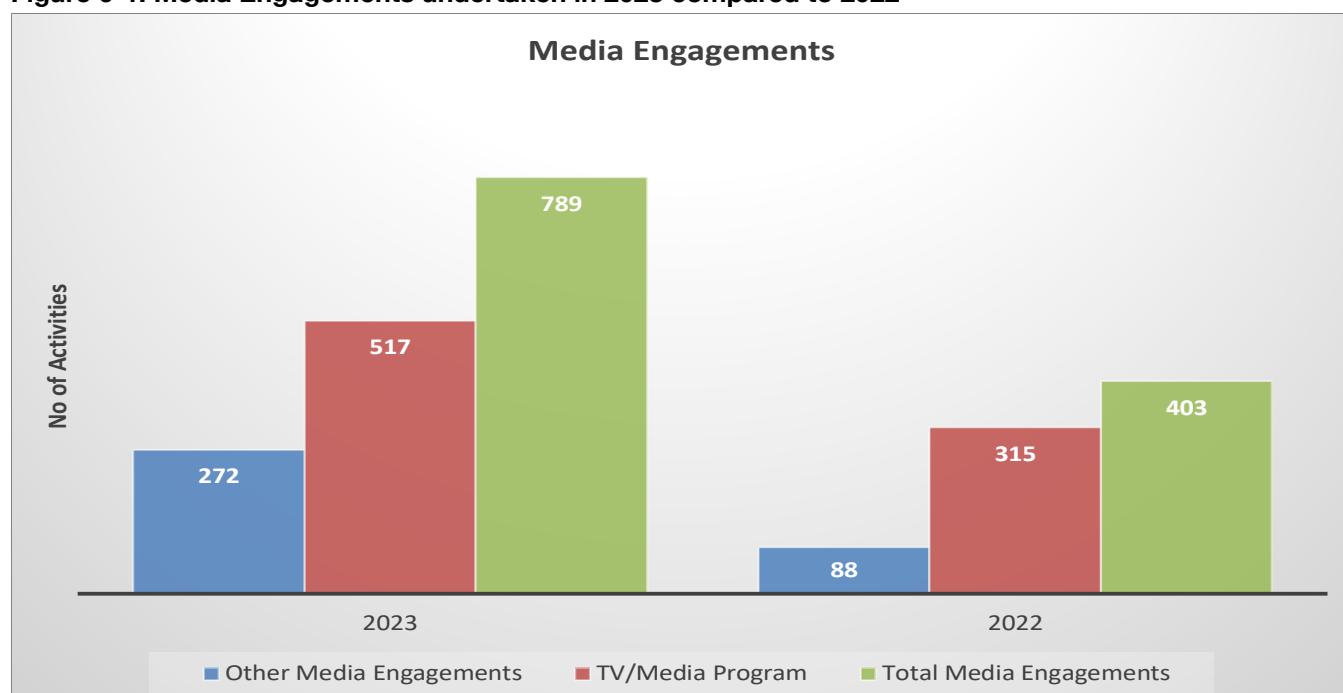
**Table 6-3: Media Activities undertaken in 2023 vs 2022.**

Period	Media Activity	No. of Activities	
		2023	2022
Quarter 1	Media Engagements <sup>4</sup>	31	22
	TV/Radio Program	167	22
Quarter 2	Media Engagements	20	23
	TV/Radio Program	131	23
Quarter 3	Media Engagements	26	24
	TV/Radio Program	206	201
Quarter 4	Media Engagements	195	19
	TV/Radio Program	13	69
<b>Total</b>		<b>789</b>	<b>403</b>

The 789 media engagements included 272 press queries, statements, and newspaper articles, while the other 517 engagements comprised of adverts, radio and television programmes covering broad range of regulatory activities that included pricing of petroleum products, consumer protection and electricity connection tariff reviews. This included collaborating with local media outlets to disseminate information in local languages.

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

**Figure 6-1: Media Engagements undertaken in 2023 compared to 2022**



### 6.5.1 Media Tours

In the year under review, the ERB conducted four (4) Media Tours aimed at familiarising the media on the Board’s various regulatory activities. The media’s wide audience reach, localised coverage and accessibility make it an influential tool for public communication.

The media tours included familiarizing the media on:

- the process of setting up, safety requirements and grading of service stations;
- TAZAMA pipeline from Dar-es-Salaam to Ndola;
- media interaction with radio presenters; and
- alternate sources of energy Liquefied Petroleum Gas (LPG) and Biogas.

<sup>4</sup> Media Engagements relate to other engagements such as briefings, press statements, media tours, press queries and newspaper adverts and articles.

## 6.5.2 Annual Media Awards

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 recognizes that these awards have spurred creative and consistent media coverage of the energy sector, particularly from a regulatory standpoint. In this regard, the ERB presented the 2023 Awards to journalists who demonstrated excellence in reporting on energy related matters. Categories included the Best Print Article, Best Radio Coverage, Best Television Coverage and Most Consistent Coverage of Energy. Further, the Copperbelt Energy Corporation (CEC) came on board and sponsored the First Prize in the Print category and First Prize in the Radio category.

## 6.6 Social Media

During the review period, the ERB maintained its active use of social media platforms to engage the public. Facebook, LinkedIn, and X (formerly Twitter) served as interactive channels enabling two-way communication with specific audiences, facilitating effective engagement with the public and key stakeholders.

### 6.6.1 Facebook

The ERB Facebook page has become a reliable source of information among stakeholders. As at the end of 2023 the page had a following of about 47,000 and a total of 1,948,600 people were reached through 316 posts as shown in Table 6-4.

**Table 6-4: ERB Facebook – Statistics Analysis for 2023 and 2022**

Period	Total No. of posts	Total No. of comments	Total no. of likes	Total no. of people reached
2023	316	3,964	17,915	1,948,600
2022	210	5,951	27,409	2,163,033

### 6.6.2 LinkedIn/X (formerly Twitter)

LinkedIn and X recorded steady growth with increased activity through the year 2023. A total of 142 and 108 posts were made on LinkedIn and X, respectively.

The followers at the end of 2023 stood at 1,624 for LinkedIn and 235 for **X**.

## 6.7 Publications

Throughout the year, the ERB continued its efforts to disseminate information on significant developments in the energy sector to stakeholders through various publications. These included:

- Annual Report 2022;
- Energy Sector Report 2022;
- Bi-Annual Corporate Newsletters;
- Bi-Annual Statistical Bulletins;
- Monthly Staff Bulletins; and
- Brochures.

These publications were disseminated across various platforms including:

- Online;
- Mobile Office awareness programs;
- Energy-related commemoration days;
- Business expositions; and
- Trade fairs, and commercial shows.



## 7 COMPLAINTS HANDLING

The ERB continued to fulfil its mandate as stipulated in Section 4 of the Energy Regulation Act No. 12 of 2019. This mandate requires the ERB to receive, investigate, and determine complaints arising from the provision of products and services in the energy sector. The ERB remained committed to addressing complaints received during the period under review.

### 7.1 Consumer Complaints

During the review period, the ERB addressed a total of 546 complaints and successfully resolved 344 by 31<sup>st</sup> December 2023, resulting in an improved resolution rate of 63%, compared to 42% in 2022. This increase in the resolution rate was attributed to enhanced awareness of complaints procedures and enforcement actions taken against non-compliant licensees.

There were a total of 202 outstanding complaints as of December 2023. Notably, 193 of these complaints were from the electricity subsector, majority of which were delayed connections.

Table 7-1 below gives a summary of the complaints handled in 2023.

**Table 7-1: Statistics of Complaints Received and Resolved by the ERB in 2023**

	Subsector	Received	Resolved	Pending	Resolution Rate (%)
2023	Electricity	489	296	193	60.53%
	Petroleum	51	45	6	88.24%
	Renewable Energy	6	3	3	50.00%
	<b>TOTAL</b>	<b>546</b>	<b>344</b>	<b>202</b>	<b>63.00%</b>
2022	Electricity	600	241	359	40.17%
	Petroleum	32	26	6	81.25%
	Renewable Energy	2	1	1	50.00
	<b>TOTAL</b>	<b>634</b>	<b>268</b>	<b>366</b>	<b>42.27%</b>

### 7.2 Complaint Meetings Held

Complaint meetings were convened to address complaints that remained unresolved beyond agreed timeframes. These meetings allowed for participation of both licensees and complainants, who appeared before the ERB Complaints Committee to present their submissions for determination. In 2023, a total of 37 complaint meetings were held, with 21 concerning the electricity subsector, 13 related to the petroleum subsector, and 3 pertaining to the renewable subsector.

As a result of these meetings, a total of 378 complaints were heard, with 179 successfully resolved. Table 7-2 provides a breakdown of the number of complaints heard during complaint meetings.

**Table 7-2: Total Complaints heard during Complaint Meetings**

Subsector	Complaints discussed	Complaints resolved
Electricity	345	154
Petroleum	30	24
Renewable	3	1
<b>Total</b>	<b>378</b>	<b>179</b>

# SUPPORT SERVICES



## 8 SUPPORT SERVICES

The ERB recognises that the provision of financial, procurement, human resource and information management systems is necessary for effective and efficient performance of the Institution.

### 8.1 Procurement of Goods and Services

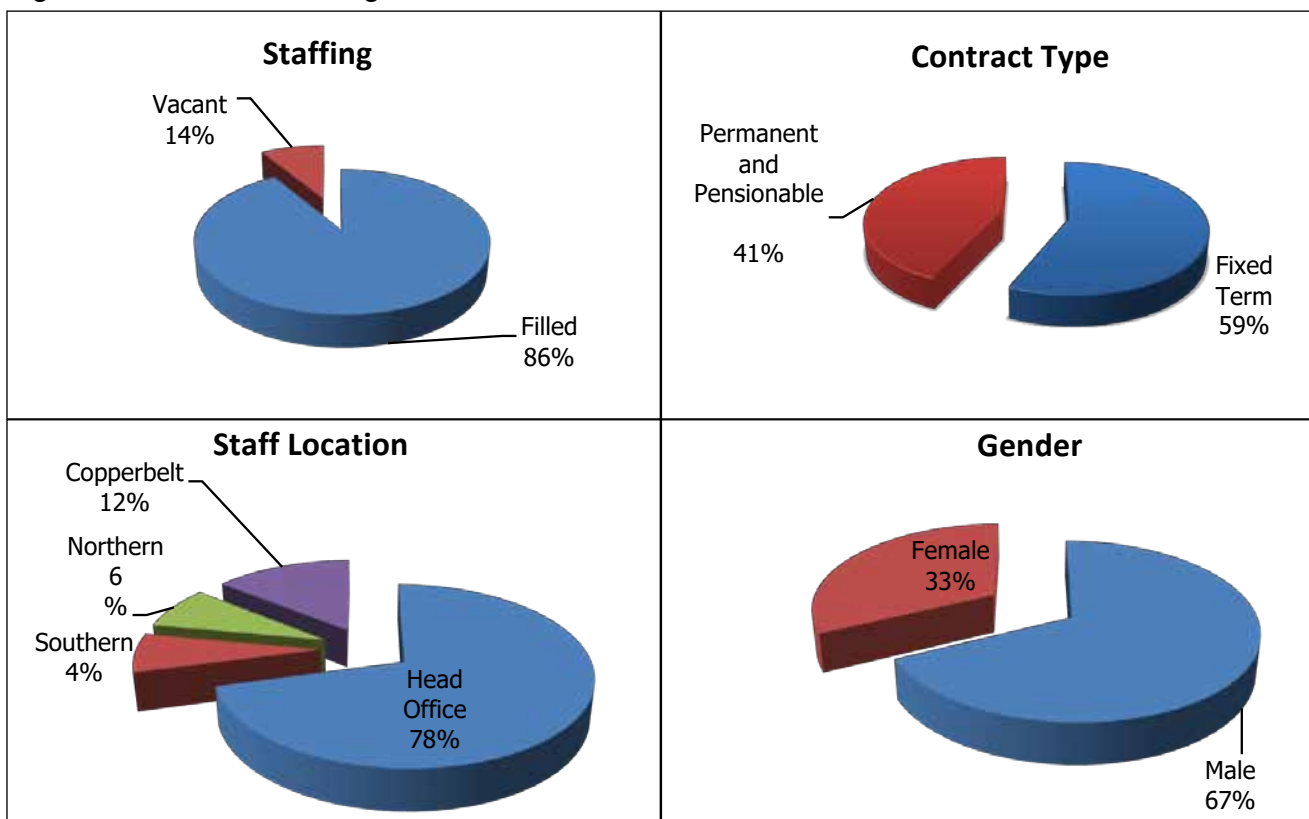
In accordance with the Public Procurement Act No. 8 of 2020, the ERB procured goods and services amounting to ZMW38,772,552.10 to support operations of the Institution.

### 8.2 Human Resource and Administration

#### 8.2.1 Establishment Profile

During the period under review, the ERB underwent an organizational restructuring process with the support from Management Development Division (MDD) under Cabinet Office. This resulted in the creation of a new Licensing Department and introduction of new positions leading to an increase of the approved staff establishment from 141 to 156. As of 31<sup>st</sup> December 2023, the ERB staff complement was 134 employees, representing 86% staffing levels. The staffing profile is highlighted in Figure 8-1.

**Figure 8-1: ERB 2023 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 2022 to 2023**

Description	Number of Staff in year	
	2023	2022
Recruitments	13	4
Promotions	4	3
Lateral Transfers	10	7
Staff Attrition	5	4
Secondments	1	7

## 8.2.3 Staff Training and Development

The ERB recorded a total number of 18 short intensive trainings and a total of 112 staff participated.

## 8.2.4 Administration Matters

### 8.2.4.1 Review of Conditions of Service

The Emoluments Commission (EC) carried out the rationalization and harmonization of the Energy Regulation Board (ERB) salaries and conditions of service. Following the conclusion of the exercise, Management through a Board Resolution implemented revised salaries and Conditions of Service. Additionally, Management and the National Energy Sector Allied Workers Union (NESAWU) met to renegotiate and amend the existing Collective Agreement in line with the recommendations from the Emoluments Commission’s Rationalization and Harmonization report. Key to this process was the abolishment of Service Benefits as a Condition of Service for Permanent and Pensionable Employees.

### 8.2.4.2 Implementation of the Performance Management Policy

The ERB implemented a 270 Degree Performance Management tool for employee performance appraisals. The new tool focuses more on Key performance indicators as opposed to employee attributes.

### 8.2.4.3 Health and wellness

The ERB recognises that its employees are its most valuable asset. As such, it invests in initiatives that prioritise their wellbeing through the wellness program. In this regard, the ERB procured recreational equipment and sports services for staff.

## 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 Cyber Security Awareness

During the period under review, efforts to raise cyber security awareness among staff members were consistently reinforced through the dissemination of awareness bulletins. These bulletins served as informative resources, educating staff about preventive measures against cyber threats, potential risks, and best practices for securely handling sensitive data. Such initiatives were undertaken with the overarching goal of safeguarding the data and information of both the ERB and its licensees.

### 8.3.2 Website Redesign

The ERB website was redesigned to enhance its effectiveness in serving stakeholders and promoting transparency in the regulatory mandate of the institution. The redesigned website provides a seamless user experience, simplified navigation and streamlined processes.

### 8.4 Internal Audit and Assurance

During the period under review, the Internal Audit department conducted audit activities aimed at offering independent assurance to the Board of Directors and Management. These audits concentrated on scrutinizing essential operational and financial functions to assess compliance with applicable laws, regulations, standards, policies, and procedures.

During the year under review, eight (8) out of nine (9) approved audit assignments were completed, representing an execution rate of 89%, marginally lower than 91% achieved in 2022. Audits completed were in accordance with Annual Internal Audit Plan approved by the Board of Directors. The implementation status of the internal audit assignments during the year 2023 against the planned audits is presented in Table 8.2.

**Table 8-2: Summary of Internal Audits conducted, 2022-2023**

Year	2023	2022
Number of planned audits	9	11
Number of audits executed	8	10
Number of audits executed brought forward from prior year	1	1
Percentage of audits executed against planned	89%	90%

### 8.5 Risk Management

During the review period, the ERB dedicated efforts to develop a comprehensive Risk Management Strategy, aiming to align it with the Risk Management Guidelines outlined by the Ministry of Finance. Furthermore, to ensure compliance with ISO 31000:2018 for Enterprise Risk Management, the ERB consistently updated both departmental and institutional risk registers on a quarterly basis.

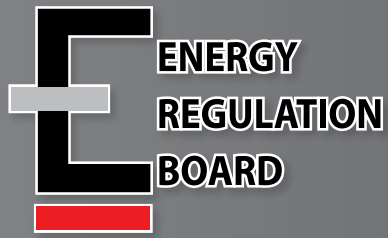
In tandem with these initiatives, the ERB remained committed to ongoing capacity building in the field of risk management. This commitment was realized through the implementation of diverse training programs tailored for risk champions and focal point individuals, ensuring a continuous enhancement of knowledge and skills in effective risk management practices.

## 9 INSTITUTIONAL PERFORMANCE

The end of year institutional performance of the ERB was assessed relative to the approved 2023 Institutional KPIs. The Institution scored 75.18% against the 2023 KPI institutional performance target of 85% which entails that the performance was below target. Appendix 9-1 provides a detailed breakdown of the performance ratings against each target.







# FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2023





## 10 ENERGY REGULATION BOARD

### Financial Statements

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## ENERGY REGULATION BOARD

### REPORT OF THE BOARD OF DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2023

The Board of Directors of the Energy Regulation Board ("ERB") present their report and audited financial statements for the year ended 31st December 2023.

#### 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 of the Republic of Zambia. In the year under review, the collection target was K462,822,809 (2022: K260,994,546). A total of K494,584,621 was collected (2022: K457,177,243) representing 7% 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 K595,203,639 (2022; K497,839,707) was due from ZESCO, a related party.

#### 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 **K4,442,045** (2022: 44,031,611).

#### SIGNIFICANT EVENTS IN THE YEAR

In the year under review, the Emoluments Commission approved the standardized and rationalized conditions of service for the ERB with the significant effect of abolishing Service benefits for permanent and pensionable members of staff among other conditions. The new conditions were implemented effective 1st September 2023.

Pursuant to delivering on its core mandate, the Board of the ERB established a stand-alone Licensing Department to improve efficiency in issuing licences and to enhance regulatory compliance in development of energy infrastructure. The function was previously undertaken under the Legal and Board Secretarial Services department.

The ERB recognised in other income, charges (assessment fees) for construction of energy infrastructure up to 31st December 2022. Prior to the year 2023, the assessments fees collections were retained to supplement ERB funding. Following a directive from the Secretary to the Treasury, the 2023 collections were remitted to the Consolidated Fund of the government of the Republic of Zambia.

## ENERGY REGULATION BOARD

### REPORT OF THE BOARD OF DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2023

#### 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
Mr. Michael M Kachumi	Board Member
Ms. Karen Banda	Board Member
Dr. Mususu Kaonda	Board Member
Mr. Banji Kalenga	Board Member
Ms. Jane Musonda Mulenga	Board Member

#### 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	
Mrs. Mwenya Kababa Chama	Director Finance	Appointed 14th August 2023
Mr. Mwika Malindima	Director Consumer and Corporate Affairs	Appointed 14th August 2023
Mr. Alfred Mwila	Director Economic Regulation	
Mr. Allen Polito	Director Technical Regulation	
Mrs. Naomi Fulazi	Director Licencing	Appointed 14th August 2023
Mrs. Edna M. Mutalama	Director Legal and Secretarial Services/Board Secretary	
Mr. Kabaye Mwale	Director Finance	End of Contract on 4 <sup>th</sup> March 2023
Mr. Fred Hangandu	Director Consumer and Public Affairs	End of Contract on 5 <sup>th</sup> April 2023

#### PROPERTY, PLANT AND EQUIPMENT

The following property, plant and equipment was acquired during the year:

	2023	2022
	K	K
Motor vehicles	13,042,071	2,904,231
Office equipment	3,378,008	865,269
Furniture fixtures and fittings	1,057,743	526,703
Systems and Databases	-	89,419
	<b>17,477,822</b>	<b>4,385,622</b>

## **ENERGY REGULATION BOARD**

### **REPORT OF THE BOARD OF DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2023**

---

#### **EMPLOYEES**

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

	<b>2023</b>	<b>2022</b>
January	126	129
February	128	130
March	126	130
April	125	128
May	124	128
June	124	128
July	124	126
August	126	126
September	127	126
October	132	126
November	134	125
December	134	126

#### **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.



**OLIVER MUNTHALI (Mr)**  
**ACTING 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 2023**

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The Board Members are required to prepare the annual 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 annual 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 IFRS Accounting standards as issued by the IASB

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 2023 and its financial position as at that date and have been prepared in accordance with IFRS Accounting 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:



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**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 annual financial statements

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#### Our opinion

In our opinion, the annual financial statements give a true and fair view of the financial position of Energy Regulation Board ("ERB") as at 31 December 2023, and of its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB) and the requirements 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

Energy Regulation Board's annual financial statements are set out on pages 50 to 78 and comprise:

- the statement of financial position as at 31 December 2023;
- the statement of income and expenditure and other comprehensive income for the year then ended;
- the statement of changes in accumulated funds for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the annual financial statements, comprising material accounting policies and other explanatory information.

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#### 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 annual 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 ERB in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

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#### 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](http://www.pwc.com/zm)

A list of Partners is available from the address above



## Report on the audit of the annual financial statements (continued)

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### Other information

The Board Members are responsible for the other information. The other information comprises the ERB's Annual Report but does not include the annual financial statements and our auditor's report thereon.

Our opinion on the annual 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 annual 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 annual 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.

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### Responsibilities of the Board Members for the annual financial statements

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

In preparing the annual financial statements, the Board Members are responsible for assessing the ERB'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 ERB or to cease operations, or have no realistic alternative but to do so.

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

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### Auditor's responsibilities for the audit of the annual financial statements

Our objectives are to obtain reasonable assurance about whether the annual 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 annual financial statements.



## Report on the audit of the annual financial statements (continued)

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### Auditor's responsibilities for the audit of the annual financial statements (continued)

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 annual 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.
- 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 ERB'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 ERB'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 annual 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 ERB to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual 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.

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## Report on other legal and regulatory requirements

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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**  
**Chartered Accountants**  
Lusaka

Date: 28 MARCH 2024

Charity Mulenga  
**Practicing Certificate Number: AUD/F000945**  
**Partner signing on behalf of the firm**

**ENERGY REGULATION BOARD**

**ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023**

**STATEMENT OF INCOME AND EXPENDITURE AND OTHER COMPREHENSIVE INCOME**

In Zambian Kwacha (K)

	NOTES	2023 K	2022 K
<b>INCOME</b>			
Grant income	4	<b>91,073,249</b>	86,636,205
Fuel Marking Agency fee	5	<b>89,712,486</b>	94,080,519
Other income	6	<b>1,147,841</b>	16,698,652
Finance Income		<b>735,719</b>	-
		<b>182,669,295</b>	197,415,376
<b>EXPENDITURE</b>			
Employee expenses	7	<b>111,793,577</b>	103,018,661
Depreciation expense	8	<b>6,110,306</b>	2,578,922
Other operating and administration costs	7	<b>60,277,167</b>	47,774,231
Finance Cost		<b>65,588</b>	31,339
<b>TOTAL EXPENDITURE</b>		<b>178,246,638</b>	153,403,153
<b>SURPLUS OF INCOME OVER EXPENDITURE FOR THE YEAR</b>		<b>4,422,657</b>	44,012,223
Amortisation of capital grant income	11	19,388	19,388
<b>TOTAL COMPREHENSIVE SURPLUS FOR THE YEAR</b>		<b>4,442,045</b>	44,031,611

Notes to the annual financial statements from page 54 to 78 form an integral part of these financial statements

**ENERGY REGULATION BOARD**
**ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023**
**STATEMENT OF FINANCIAL POSITION**

In Zambian Kwacha (K)

	NOTES	2023 K	2022 K
<b>ASSETS</b>			
<b>Non current assets</b>			
Property and equipment	8	<b>63,120,662</b>	51,497,529
Intangible Assets	8	<b>695,371</b>	972,650
		<b>63,816,033</b>	52,470,179
<b>Current assets</b>			
Receivables	9	<b>11,632,453</b>	91,388,646
Cash and cash equivalents	10	<b>109,512,720</b>	2,505,081
		<b>121,145,173</b>	93,893,727
<b>TOTAL ASSETS</b>		<b>184,961,206</b>	146,363,906
<b>FUNDS AND LIABILITIES</b>			
<b>Capital grants and funds</b>			
Capital grants	11	<b>528,416</b>	547,806
Accumulated funds		<b>84,141,516</b>	79,699,471
		<b>84,669,932</b>	80,247,277
<b>Non current liabilities</b>			
Deferred capital grant	11	<b>731,939</b>	1,158,173
Deferred employee benefits	12	<b>17,670,651</b>	26,046,912
<b>Current liabilities</b>			
Payables	13	<b>81,888,684</b>	38,911,544
<b>TOTAL LIABILITIES</b>		<b>100,291,274</b>	66,116,629
<b>TOTAL FUNDS AND LIABILITIES</b>		<b>184,961,206</b>	146,363,906

Notes to the annual financial statements on pages 54 to 78 form an integral part of these annual financial statements.

The responsibilities of the Board's Members with regard to the preparation of the annual financial statements are set out on page 45. The financial statements on pages 50 to 78 were approved and authorised for issue by the Board Members on 27 MARCH 2024 and were signed on their behalf by:


  
**BOARD CHAIRPERSON**

  
**AUDIT & RISK COMMITTEE CHAIRPERSON**

**ENERGY REGULATION BOARD**  
**ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023**  
**STATEMENT OF CHANGES IN ACCUMULATED FUNDS**

In Zambian Kwacha (K)

	CAPITAL GRANTS K	ACCUMULATED FUNDS K	TOTAL K
<b>Year ended 31 December 2022:</b>			
<b>Balance at 1 January 2022</b>	<b>567,192</b>	<b>35,667,860</b>	<b>36,235,052</b>
<b>Addition in the year</b>		-	-
<b>Comprehensive income:</b>			
Surplus of income over expenditure	-	44,012,223	44,012,223
<b>Other comprehensive income:</b>			
Amortisation of capital grants- <b>Note 11</b>	<u>(19,388)</u>	<u>19,388</u>	<u>-</u>
<b>Total comprehensive income for the year</b>	<u>(19,388)</u>	<u>44,031,611</u>	<u>44,012,223</u>
<b>Balance as at 31 December 2022</b>	<u><b>547,804</b></u>	<u><b>79,699,471</b></u>	<u><b>80,247,275</b></u>
<b>Year ended 31 December 2023:</b>			
<b>Balance as at 1 January 2023</b>	<b>547,804</b>	<b>79,699,471</b>	<b>80,247,275</b>
<b>Comprehensive income:</b>			
Surplus of income over expenditure	-	4,422,657	4,422,657
<b>Other comprehensive income:</b>			
Amortisation of capital grants- <b>Note 11</b>	<u>(19,388)</u>	<u>19,388</u>	<u>-</u>
<b>Total comprehensive income for the year</b>	<u>(19,388)</u>	<u>4,442,045</u>	<u>4,442,045</u>
<b>Balance as at 31 December 2023</b>	<u><b>528,416</b></u>	<u><b>84,141,516</b></u>	<u><b>84,669,932</b></u>

Notes to the annual financial statements from page 54 to 78 form an integral part of these annual financial statements.

**ENERGY REGULATION BOARD**  
**ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023**  
**STATEMENT OF CASH FLOWS**

In Zambian Kwacha (K)

	NOTES	YEAR ENDED 31 DECEMBER	
		2023 K	2022 K
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Surplus of income over expenditure for the year		<b>4,422,657</b>	44,012,223
<b>Adjusted for:</b>			
Interest income	6	<b>(114,007)</b>	(102,125)
Gratuity Fund Interest		<b>(735,719)</b>	-
Depreciation expense	8	<b>6,110,306</b>	2,578,922
Amortisation of grant	11	<b>(426,236)</b>	(305,812)
Gain on disposal of property, plant and equipment	8(ii)	<b>(231,266)</b>	(249,846)
<b>Operating cash flows before movement in working capital</b>		<b>9,025,735</b>	45,933,362
Decrease/(Increase) in receivables		<b>79,756,193</b>	(45,265,405)
Increase in payables		<b>42,977,140</b>	3,001,883
Decrease/ (Increase) in employee liabilities		<b>(8,376,261)</b>	483,234
<b>Net cash generated from operating activities</b>		<b>123,382,807</b>	4,153,074
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase on property, plant and equipment	8	<b>(17,477,822)</b>	(4,385,622)
Proceeds from disposal of property, plant and equipment		<b>252,928</b>	1,244,460
Interest received		<b>114,007</b>	102,125
Gratuity fund interest received		<b>735,719</b>	-
<b>Net cash utilised in investing activities</b>		<b>(16,375,168)</b>	(3,039,037)
Net Increase in cash and cash equivalents		<b>107,007,639</b>	1,114,037
Cash and cash equivalents at beginning of year		<b>2,505,081</b>	1,391,044
<b>Cash and cash equivalents at end of year</b>	10	<b>109,512,720</b>	2,505,081

Notes to the annual financial statements on from page 54 to 78 form an integral part of these annual financial statements.

## ENERGY REGULATION BOARD

### ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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#### 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. The address of its principal place of business is:

Plot 9330  
Danny Pule Road,  
Mass Media Area Lusaka

#### MATERIAL ACCOUNTING POLICIES

The material accounting policies applied by the ERB in the preparation of these annual 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 annual financial statements have been prepared in accordance with IFRS Accounting standards as issued by the International Accounting Standards Board (IASB) 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.

##### 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 ERB 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.

## ENERGY REGULATION BOARD

### ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 NOTES TO THE ANNUAL FINANCIAL STATEMENTS

#### 2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

##### 2.2.1 New and amended standards adopted.

The ERB has applied the following standards and amendments for the first time for its annual reporting period commencing 1 January 2023:

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

The changes above have had no material impact on the annual financial statements. Effective date: 1 January 2023

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

The change above has had no material impact on the annual financial statements. Effective date: 1 January 2023

**(iii) Amendments to IAS 1 and IFRS Practice Statement 2**

The change above has had no material impact on the annual financial statements Effective date: 1 January 2023

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

##### 2.2.2 New standards and interpretations not yet adopted.

Certain amendments to accounting standards have been published that are not mandatory for 31 December 2023 reporting periods and have not been early adopted by ERB. These amendments are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

**(i) Amendment to IFRS 16 – Leases on sale and leaseback**

The change above has had no material impact on the annual financial statements. Effective date: 1 January 2024

**(ii) IFRS S1, 'General requirements for disclosure of sustainability-related financial information**

The change above has had no material impact on the annual financial statements. Effective date: 1 January 2024

**(iii) IFRS S2, 'Climate- related disclosures'**

The change above has had no material impact on the annual financial statements. Effective date: 1 January 2024

#### 2.3 Foreign currency translation

*(i) Functional and presentation currency*

Items included in the annual financial statements are measured using the currency of the primary economic environment in which the entity operates ('the 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 annual financial statements.

## ENERGY REGULATION BOARD

### ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 NOTES TO THE FINANCIAL STATEMENTS

#### 2.0 MATERIAL ACCOUNTING POLICIES (CONTINUED)

#### 2.3 Foreign currency translation (continued)

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates, are generally recognised in the statement of income and expenditure under finance cost or finance income.

#### 2.4 Revenue

The ERB recognizes revenue from the following sources:

- Government grants
- Fuel Marking Agency Fees
- Other income

##### 2.4.1 Government Grants

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

Grant income is recognized in accordance with IAS 20. Grant income is recognized when there is reasonable assurance that:

- (a) ERB will comply with the conditions attaching to them; and
- (b) the grant will be received.

Grant income is accounted for using the Income approach, due to the following:

- (a) Since grant income are receipts from a source other than shareholders, they should not be recognized directly in equity but should be recognized in the statement of income and expenditure in appropriate periods,
- (b) The ERB earns them through compliance with their conditions and meeting the envisaged obligations. Therefore, they are recognized in the statement of income and expenditure over the periods in which the ERB recognizes as expenses the related costs for which the grant is intended to compensate.

Grant income is recognized in the statement of income and expenditure on a systematic basis over the periods in which the ERB recognizes as expenses the related costs for which the grants are intended to compensate.

Grant income relating to depreciable assets are recognized as deferred income (Capital grants) in the statement of financial position and are recognized as income in the statement of income and expenditure and other comprehensive income over the periods and in the proportions in which depreciation expense on those assets is charged.

##### 2.4.2 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 the Fuel Marking Program is recognized on the basis of funds appropriated by the Board for ERB operations, 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. Income is recognised on a time basis.



## ENERGY REGULATION BOARD

### ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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#### 2.0 MATERIAL ACCOUNTING POLICIES (CONTINUED)

##### 2.4.3 Other Income

Other income represents non-core income such as gain on disposal, sale of application forms and other sundry income. The income is recognized at a point in time when it is probable that the economic benefits will flow to the ERB, and the amount of income can be measured reliably.

Up to 31<sup>st</sup> December 2022, other income included assessments fees. Assessment fees are paid by applicants who apply to undertake investments in the energy sector and have passed ERB's internal financial assessments. Assessment fees collected in the year were recognized as amounts payable to the Government in the statement of financial position, pending guidance from the Secretary to the Treasury on retention for application to ERB operations. The funds were remitted to the Government in January 2024 following the guidance from the Ministry of Finance to remit the funds to the government consolidated Fund going forward.

##### 2.4.4 Finance Income

Interest income is recognised in the statement of income and expenditure and is included in the Finance income. Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the ERB and the amount of income can be measured reliably.

#### 2.5 Leasing

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

*(i) The ERB as lessor*

Amounts due from lessees under finance leases are recognized as receivables at the amount of the ERB'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 ERB's net investment outstanding in respect of the leases. Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term.

*(ii) The ERB as lessee*

ERB recognizes right-of-use assets and lease liabilities at the lease commencement date for most leases. However, ERB has elected not to recognize 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 recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term. ERB has recognized a right of use assets of its Land in Lusaka, however, as the future lease payments are of low value, a lease liability has not been recognized. Refer to note 8

## ENERGY REGULATION BOARD

### ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

#### NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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#### 2.0 MATERIAL ACCOUNTING POLICIES (CONTINUED)

##### 2.6 Retirement benefits

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

###### *(i) 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.

###### *(ii) 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.

###### *(iii) 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 accrued gratuity and service benefits associated with the period the employees have rendered service entitling them to the 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 rates prescribed in the conditions of service on the last drawn basic salary.

Up to 31<sup>st</sup> December 2023, service benefits were retirement benefits due to employees on permanent and pensionable employment contracts which were paid on termination of employment. Service benefits were calculated based on the period served at an applicable rate of the last drawn salary. The full liability as at 31/12/2023 was paid to staff following the revision of conditions of service by the Emoluments Commission which abolished the payment of the service benefits.

Contract gratuity and service benefits due to employees are recognized, 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 and actuarial valuations. 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, plant and equipment

###### 2.8.1 Tangible assets

Property, plant and equipment are stated in the statement of financial position at cost less accumulated depreciation and any accumulated impairment losses. All categories of property, plant 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 recognized as a separate asset, as

## ENERGY REGULATION BOARD

### ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

#### NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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##### 2.0 MATERIAL ACCOUNTING POLICIES (CONTINUED)

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 the income statement during the financial period in which they are incurred. Depreciation is charged to write off the cost of property, plant and equipment over their estimated useful lives on a straight-line basis, at the following annual rates:

Buildings	2%
Furniture and fittings	15%
Office equipment	25%
Motor vehicles	25%

Capital work in progress is not depreciated.

The estimated useful life 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.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or retirement of an asset 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.

Repair 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.

##### 2.8.2 Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. For the ERB, the acquired intangible assets include the Information Systems and Databases. Amortisation is recognised on a straight-line basis over their estimated useful life of 4 years. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

##### 2.9 Impairment of assets

At the end of each reporting period, the ERB reviews the carrying amounts of its tangible and intangible 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 ERB 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

## ENERGY REGULATION BOARD

### ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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#### 2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

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 recognized immediately in the 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 recognized for the asset in prior years. A reversal of an impairment loss is recognized immediately in the 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 Provisions

Provisions are recognized 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 recognized 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.

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 recognized as an asset if it is virtually certain that reimbursement will be received, and the amount of the receivable can be measured reliably.

##### 2.11 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 the Income statement); and
- those to be measured at amortized cost.

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

###### *(i) Receivables*

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

###### *(ii) Effective interest method*

The effective interest method is a method of calculating the amortized 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.

###### *(iii) Derecognition of financial assets*

The ERB derecognizes a financial asset only when the contractual rights to the cash flows from the

## ENERGY REGULATION BOARD

### ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

#### NOTES TO THE ANNUAL FINANCIAL STATEMENTS

## 2.0 MATERIAL ACCOUNTING POLICIES (CONTINUED)

### 2.11 Financial assets (continued)

asset expires, 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 recognizes 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 recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

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

#### (iv) 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 recognized 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 reorganization, and default or delinquency in payments (more than 90 days overdue) are considered indicators that the receivable is impaired. The allowance recognized 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.

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 recognized 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 recognized, the previously recognized 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 amortized cost would have been had the impairment not been recognized.

#### (v) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and in banks. Cash and cash equivalents at the end of the reporting period are shown in the statement of cash flows and can be reconciled to the related items in the statement of financial position.

### 2.12 Financial liabilities

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

The effective interest method is a method of calculating the amortized 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.

## ENERGY REGULATION BOARD

### ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

#### NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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#### 2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

##### 2.12 Financial liabilities

(i) Derecognition of financial liabilities

The ERB derecognizes 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 derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the statement of income and expenditure.

(ii) 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.

##### 2.13 Comparatives

Under IAS 1, comparative information must be provided for all amounts reported in the annual financial statements, except when a standard provides otherwise. IAS 1 further states that comparative information should also be provided for narrative and descriptive information when it is relevant to an understanding of the current period's annual financial statements. Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current period.

##### 2.14 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

### ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

#### NOTES TO THE ANNUAL FINANCIAL STATEMENTS

### 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, estimates and assumptions. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized 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, plant 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 technological 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, plant and equipment will change by K611,031 (2022: K257,892).

##### 3.2.2 Property , plant 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.

### 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 K90,647,013(2022: K86,330,393) was received in the financial year ended 31st December 2023. This is recognized at a point in time.

	2023	2022
	K	K
Grant income	90,647,013	86,330,393
Amortisation of grants- <b>Note 11</b>	426,236	305,812
	<u>91,073,249</u>	<u>86,636,205</u>

## ENERGY REGULATION BOARD

### ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

#### NOTES TO THE ANNUAL FINANCIAL STATEMENTS

##### 5. FUEL MARKING AGENCY FEE

The ERB Board approved K89,712,486 (2022: K94,080,519) as agency fees for the professional services the ERB renders to the Fuel Marking project.

##### 6. OTHER INCOME

	2023	2022
	K	K
Assessment fees	-	8,026,639
Gain on disposal of assets	<b>231,267</b>	249,846
Interest income	<b>114,007</b>	102,125
Sale of application forms	<b>649,384</b>	589,189
Registration of suppliers	-	5,500
Amortisation of staff benefits- <b>Note 9.1</b>	<b>80,054</b>	79,562
Other Sundry income	<b>64,129</b>	11,921
Bad debt impairment release- <b>Note 9.2</b>	<b>9,000</b>	7,633,870
	<b>1,147,841</b>	<b>16,698,652</b>

##### 7. NATURE OF EXPENDITURE

	2023	2022
	K	K
Employee costs - <b>Note 7.1</b>	<b>111,793,577</b>	103,018,661
Depreciation - <b>Note 8</b>	<b>6,110,306</b>	2,578,922
<b>Other operating and administration costs</b>		
Other expenses - <b>Note 7.2</b>	<b>25,781,135</b>	18,250,671
Office expenses	<b>7,952,838</b>	5,117,668
Board expenses	<b>5,480,245</b>	6,338,849
Regulatory advocacy costs	<b>7,072,113</b>	4,544,970
Standard enforcement	<b>3,404,771</b>	3,517,965
Subscriptions	<b>3,490,722</b>	3,164,525
Training and capacity building	<b>1,878,064</b>	2,292,871
Board training expenses	<b>2,764,882</b>	2,038,153
Tariff review & pricing	<b>1,957,216</b>	2,219,771
External audit fees	<b>288,788</b>	288,788
Finance Cost	<b>65,588</b>	31,339
Integrity committee cost	<b>206,393</b>	-
<b>Total Operating and administration costs</b>	<b>60,342,755</b>	<b>47,805,570</b>
<b>TOTAL EXPENDITURE</b>	<b>178,246,638</b>	<b>153,403,153</b>



**ENERGY REGULATION BOARD**
**ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023**
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**
**7.1 EMPLOYEE COSTS**

	2023	2022
	K	K
Salaries and wages	<b>79,175,603</b>	75,839,133
<b>Retirement benefits</b>		
Gratuity and Service Benefits- <b>Note 12c</b>	<b>29,345,761</b>	24,146,556
NAPSA - Employer contribution	<b>1,927,805</b>	1,806,615
ZSIC Pension	<b>1,344,408</b>	1,226,357
<b>TOTAL</b>	<b>111,793,577</b>	<b>103,018,661</b>

**7.2 Other expenses (Note 7.2)**

	2023	2022
	K	K
Publicity and consumer outreach	<b>5,768,847</b>	3,153,882
Postage, telephone and fax	<b>4,634,458</b>	2,017,285
Staff welfare	<b>3,261,212</b>	2,179,205
Medical expenses	<b>2,519,024</b>	2,224,443
Insurance expenses	<b>5,966</b>	917,944
Workshops	<b>1,244,049</b>	741,962
Other Audits and Consultancy	<b>814,533</b>	866,283
Motor vehicle expenses	<b>1,255,883</b>	1,443,425
Standards development costs	<b>739,306</b>	714,770
Printing and stationery	<b>1,072,223</b>	774,182
Licence development and review	<b>855,142</b>	614,837
Energy market reform costs	<b>300,410</b>	726,296
Legal framework	<b>1,672,758</b>	191,772
Office rent	<b>381,610</b>	304,225
Legal fees	<b>78,636</b>	511,432
Regulatory research & dev costs	<b>764,951</b>	557,437
Bank charges and interest	<b>218,112</b>	100,043
Workers compensation	<b>84,235</b>	91,904
Staff recruitment	<b>109,780</b>	119,344
<b>Total expenditure</b>	<b>25,781,135</b>	<b>18,250,671</b>

**ENERGY REGULATION BOARD  
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023**

**8. PROPERTY, PLANT AND EQUIPMENT, AND INTANGIBLE ASSETS**

	Buildings	Leasehold land	Motor vehicles	Office equipment	Furniture, fixture and fittings	Capital Work in Progress	Property and Equipment Total	Information Systems & Databases	PPE and Intangible Total
Cost	K	K	K	K	K	K	K	K	K
At 1 January 2022	56,183,137	70,719	10,791,296	9,953,255	4,695,345	1,019,696	82,713,448	-	82,713,448
Additions	-	-	2,904,231	865,269	526,703	-	4,296,203	89,419	4,385,622
Additions from COSS grant	-	-	-	1,463,987	-	-	1,463,987	-	1,463,987
Disposal	-	-	(2,885,636)	(24,149)	-	-	(2,909,785)	-	(2,909,785)
Transfer	-	-	-	-	-	(1,019,696)	(1,019,696)	1,019,696	-
<b>At 1 January 2023</b>	<b>56,183,137</b>	<b>70,719</b>	<b>10,809,891</b>	<b>12,258,362</b>	<b>5,222,048</b>	<b>-</b>	<b>84,544,157</b>	<b>1,109,115</b>	<b>85,653,272</b>
Additions	-	-	13,042,071	3,378,008	1,057,743	-	17,477,822	-	17,477,822
Disposal	-	-	(1,054,612)	(5,757,127)	(1,147,575)	-	(7,959,314)	-	(7,959,314)
<b>At 31 December 2023</b>	<b>56,183,137</b>	<b>70,719</b>	<b>22,797,350</b>	<b>9,879,243</b>	<b>5,132,216</b>	<b>-</b>	<b>94,062,665</b>	<b>1,109,115</b>	<b>95,171,780</b>
<b>Depreciation</b>									
At 1 January 2022	10,220,507	-	9,794,815	8,626,466	3,877,555	-	32,519,343	-	32,519,343
Charge for the year	1,124,194	-	161,496	984,426	172,341	-	2,442,457	136,465	2,578,922
Disposals	-	-	(1,907,625)	(7,547)	-	-	(1,915,172)	-	(1,915,172)
<b>At 1 January 2023</b>	<b>11,344,701</b>	<b>-</b>	<b>8,048,686</b>	<b>9,603,345</b>	<b>4,049,896</b>	<b>-</b>	<b>33,046,628</b>	<b>136,465</b>	<b>33,183,093</b>
Charge for the year	1,124,404	-	2,685,553	1,648,322	374,748	-	5,833,027	277,279	6,110,306
Disposals	-	-	(1,054,612)	(5,740,393)	(1,142,647)	-	(7,937,652)	-	(7,937,652)
<b>At 31 December 2023</b>	<b>12,469,105</b>	<b>-</b>	<b>9,679,627</b>	<b>5,511,274</b>	<b>3,281,997</b>	<b>-</b>	<b>30,942,003</b>	<b>413,744</b>	<b>31,355,747</b>
<b>Carrying amount</b>									
<b>At 31 December 2023</b>	<b>43,714,032</b>	<b>70,719</b>	<b>13,117,723</b>	<b>4,367,969</b>	<b>1,850,219</b>	<b>-</b>	<b>63,120,662</b>	<b>695,371</b>	<b>63,816,033</b>
At 31 December 2022	44,838,436	70,719	2,761,205	2,655,017	1,172,152	-	51,497,529	972,650	52,470,179

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.

**ENERGY REGULATION BOARD**
**ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023**
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**
**8. PROPERTY, PLANT AND EQUIPMENT (Continued)**
*(i) Right of use assets*

Included in the net carrying amount of property, plant and equipment are right-of-use assets relating to the Lusaka Land. In Zambia, land is held on lease from the Government of the Republic of Zambia for a period of 99 years. IFRS 16 requires that for any lease, a right of use asset and lease liability be recognized unless the ERB deems the lease as short-term lease or of low value.

Advance payments made in acquiring the land are added to right of use assets and amortized over the period of the lease on a straight-line basis and therefore there is no corresponding lease liability. The effect of discounting the ground rates is immaterial and these have been expensed in the statement of income and expenditure as incurred. As at the end of the reporting period, and unchanged from the prior year, the ERB had insignificant leasing arrangements. Therefore, ERB has taken the exemption under the standard, and these have been expensed in the statement of income and expenditure as incurred. Lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor.

Leasehold land is not depreciated. Leasehold land is initially recognized at cost and subsequently shown at fair value, based on valuations by external independent valuers.

	<b>2023</b>	2022
	<b>K</b>	K
<i>(ii) Gain on disposal</i>		
Cost of disposal	<b>7,959,314</b>	2,909,785
Accumulated depreciation	<b>(7,937,652)</b>	(1,915,172)
Proceeds from disposal	<b>(252,928)</b>	(1,244,460)
Gain on disposal	<b>(231,266)</b>	(249,847)

**9 RECEIVABLES**

Staff loans and advances	<b>6,323,894</b>	7,091,851
Staff loans marked to market- <b>Note 9.1</b>	<b>3,304,724</b>	3,927,553
Prepayments	<b>1,987,916</b>	1,627,534
Agency fees receivable	-	78,086,769
Other receivables	<b>104,719</b>	752,739
	<b>11,721,253</b>	91,486,446
Impairment allowance- <b>Note9.2</b>	<b>(88,800)</b>	(97,800)
	<b>11,632,453</b>	91,388,646

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

## ENERGY REGULATION BOARD

### ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

#### NOTES TO THE ANNUAL FINANCIAL STATEMENTS

#### 9. RECEIVABLES (CONTINUED)

##### 9.1 Staff loans mark-to-market

For IFRS accounting standards purposes, the ERB recomputed the interest received on staff loans to the market rate of 26.5% (2022: 24.5%) from the 2% interest charge per annum for all employee loans. The loans are given to employees as part of the ERB's retention policy.

	2023 K	2022 K
At beginning of the year	3,927,553	3,033,261
Current year fair value	1,764,364	2,201,766
Discounting adjustment	(2,307,139)	(1,227,912)
Amortisation charge for the year	(80,054)	(79,562)
	<u>3,304,724</u>	<u>3,927,553</u>

##### 9.2 Impairment provision

Impairment allowance of K88,800 relates to unpaid assessment fees for license application in note 16.

<b>Movement in the impairment Provision</b>	2023 K	2022 K
Balance at the beginning of the year	97,800	18,123,073
Impairment reversal on Agency /Assessment fees recovered	(9,000)	(7,633,870)
Write off GRZ Grant receivable in 2022	-	(10,391,403)
	<u>88,800</u>	<u>97,800</u>

#### 10. CASH AND CASH EQUIVALENTS

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:

	2023 K	2022 K
Cash and cash equivalents	<u>109,512,720</u>	<u>2,505,081</u>

**ENERGY REGULATION BOARD**
**ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023**
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**
**11. CAPITAL GRANTS**

<b>a. GRZ Capital grant</b>	<b>2023</b>	2022
	<b>K</b>	K
Balance at beginning of the year	<b>547,804</b>	567,192
Addition in the year	-	-
Grant credited to comprehensive income during the year	<b>(19,388)</b>	(19,388)
Balance at end of the year	<b>528,416</b>	547,804

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 license fees payable to Government by ERB. It is amortised on a straight-line basis over 50 years.

<b>b. Cost of Service Study Capital grant</b>	<b>2023</b>	2022
	<b>K</b>	K
Balance at beginning of the year	<b>1,158,175</b>	-
Addition in the year	-	1,463,987
Grant credited to comprehensive income during the year	<b>(426,236)</b>	(305,812)
Balance at end of the year	<b>731,939</b>	1,158,175

<b>c. Total Capital grant</b>	<b>2023</b>	2022
	<b>K</b>	K
Balance at beginning of the year	<b>1,705,979</b>	567,192
Addition in the year	-	1,463,987
Grant credited to comprehensive income during the year	<b>(445,624)</b>	(325,200)
Balance at end of the year	<b>1,260,355</b>	<b>1,705,979</b>

In the 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.

## ENERGY REGULATION BOARD

### ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

#### NOTES TO THE ANNUAL FINANCIAL STATEMENTS

#### 12. DEFERRED EMPLOYEE BENEFITS

(a)

The employee benefit obligation recognised in the statement of financial position represents the present value of the defined benefit (gratuity) obligation as adjusted for past service costs. Actuarial valuations were carried out for the financial year ended 31<sup>st</sup> December 2023. The amounts recognised in the statement of financial position are determined as follows:

	2023	2022
Present value of unfunded obligations	28,402,379	45,005,651

(b) Movement in the defined benefit obligation over the year is as follows

	2023	2022
Balance at beginning of the year	45,005,651	25,563,678
Gratuity provision made during the year	19,831,136	38,539,563
Service benefit provision made during the year	6,050,721	3,583,587
Past service costs (Actuarial valuation)	1,347,984	-
Interest on Actuarial Valuation	2,115,920	-
Gratuity Paid during the year	(20,419,974)	(22,074,357)
Service benefits paid during the year	(24,181,075)	(606,820)
Reclassification of other payables	(1,347,984)	-
	<u>28,402,379</u>	<u>45,005,651</u>

Less: payable within one year, included in other payables (note 13)

<u>(10,731,728)</u>	<u>(18,958,739)</u>
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**Payable after more than one year**

<u><u>17,670,651</u></u>	<u><u>26,046,912</u></u>
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(c) **Recognised in profit or loss**

Charge for the year	25,881,857	42,123,150
Past service costs (Actuarial valuation)	1,347,984	-
Interest cost on Actuarial Valuation	2,115,920	-
<b>Total employees benefit expensed</b>	<u><u>29,345,761</u></u>	<u><u>42,123,150</u></u>

**ENERGY REGULATION BOARD**
**ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023**
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**


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**12. DEFERRED EMPLOYEE BENEFITS**
**(d) Actuarial assumptions**

Critical assumptions are made by the actuary in determining the present value of retirement benefit obligation including the discount rate. The carrying amount of the provision and the key assumptions made in estimating the provision were as follows:

	<b>31-Dec-23</b>	<b>31-Dec-22</b>
Discount rate	8.55%	8.55%
Future salary increases	7.00%	7.00%

**(f) Sensitivity analysis**

The results of the actuarial valuation are sensitive to changes in the financial assumptions than changes in the demographic assumptions. In preparing the sensitivity analysis of the results to the discount rate used, the actuarial relied on calculations of the duration of the liability. Based on this methodology, the results of the sensitivity analysis are summarized in the table below:

	<b>31-Dec-23</b>	<b>31-Dec-22</b>
	Present value of obligation	Present value of obligation
1% increase in discount rate	431,248	-
1% decrease in discount rate	(445,195)	-
1% increase in salary rate	(371,919)	-
1% decrease in salary rate	367,552	-

Since all the benefits payable under the plan are salary related, the sensitivity of the liability to a change in the salary escalation assumption is not expected to be materially different.

## ENERGY REGULATION BOARD

### ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

#### NOTES TO THE ANNUAL FINANCIAL STATEMENTS

##### 13. PAYABLES

Sundry payables	<b>62,458,761</b>	8,496,231
Employee benefits payable within a year - <b>Note 12</b>	<b>10,731,728</b>	18,958,739
Leave pay provision	<b>5,193,459</b>	6,698,950
PAYE and NAPSA payable	<b>3,504,736</b>	4,757,624
	<b><u>81,888,684</u></b>	<b><u>38,911,544</u></b>
Trade payables	<b>124,230</b>	2,439,830
Other payables	-	2,128,848
Reclassification other payables (Actuarial valuation)	<b>1,347,984</b>	-
Assessment fees payable	<b>57,681,823</b>	-
Mark to market adjustment	<b>3,304,724</b>	3,927,553
	<b><u>62,458,761</u></b>	<b><u>8,496,231</u></b>

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

##### 14. OPERATING LEASE ARRANGEMENTS

###### (i) *ERB as a lessee*

The operating lease relates to one lease for an 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 recognized as exempt from IFRS 16 - Leases considerations.

Payments recognised as an expense K299,210 (2022: K228,000)

###### (ii) *ERB 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 (Fuel Marking Programme) at the ERB office building plot number 9330 Danny Pule Road, Lusaka. No rent is paid.

##### 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.



## ENERGY REGULATION BOARD

### ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 NOTES TO THE ANNUAL FINANCIAL STATEMENTS

#### 15. RELATED PARTY TRANSACTIONS (CONTINUED)

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	2023 K	2022 K
Grant receivable for the year from the Government	<u>90,647,013</u>	<u>86,330,393</u>

The ERB undertakes to disclose the nature of related party relationships, and the 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:

(i) Key management compensation	2023 K	2022 K
Salaries and Emoluments	27,061,248	21,198,923
Retirement benefits	6,821,713	6,012,199
Napsa/NHIMA	411,129	251,427
Other benefits	183,493	511,537
Total key management compensation	<u>34,477,583</u>	<u>27,974,086</u>
(ii) Board Members allowances, Fees for service as Members of the Board	<u>3,297,600</u>	<u>3,297,520</u>
(iii) Loans to key management personnel	<u>279,642</u>	<u>251,768</u>

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.

## ENERGY REGULATION BOARD

### ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

#### NOTES TO THE ANNUAL FINANCIAL STATEMENTS

#### 16. FINANCIAL RISK MANAGEMENT POLICIES

##### 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, exposure to exchange rate fluctuations arises.

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:

##### Foreign currency risk management (continued)

	USD	K
<b>At 31 December 2023</b>		
Cash and cash equivalents	1,866	47,956
Total foreign currency assets	<u>1,866</u>	<u>47,956</u>
<b>At 31 December 2022</b>		
Cash and cash equivalents	2,582	46,683
Total foreign currency assets	<u>2,582</u>	<u>46,683</u>

**ENERGY REGULATION BOARD**
**ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023  
NOTES TO THE ANNUAL FINANCIAL STATEMENTS**
**Foreign currency risk management**

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

	<b>2023</b>	2022
Closing rate as at 31 December	<b>25.70</b>	18.080
Average exchange rate for the year	24.78	17.62

**Foreign currency sensitivity**

The following table illustrates the foreign denominated balances' sensitivity to a 43% (2022: 24%) decrease in the Kwacha against the US dollar. 43% 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 43% change in foreign currency rates. This analysis assumes all other variables remain constant. The analysis is performed on the same basis for 2022.

<b>Effect in Kwacha</b>	<b>On deficit for the year/ accumulated funds</b>
<b>31 December 2023</b>	
Impact of the Kwacha decrease by 43%	<u><u>20,142</u></u>
31 December 2022	
Impact of the Kwacha decrease by 24%	<u><u>11,204</u></u>

## ENERGY REGULATION BOARD

### ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

#### NOTES TO THE ANNUAL FINANCIAL STATEMENTS

#### 16. FINANCIAL RISK MANAGEMENT POLICIES(CONTINUED)

##### 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.

On the basis, the ERB's maximum exposure to credit risk as at 31st December 2023 was determined as follows:

	<b>2023</b>	2022
<b>Ageing of impaired other receivables</b>	K	K
Over 120 days	<b>88,800</b>	97,800
Impairment	<b>(88,800)</b>	(97,800)
<b>Balance</b>	<b>-</b>	<b>-</b>

##### 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.

<b>Liabilities</b>	<b>0-1 year</b>	<b>1-5 years</b>	<b>Total</b>
Payables (excluding statutory liabilities)	78,383,948	-	78,383,948
	<b>78,383,948</b>		<b>78,383,948</b>
<b>Year ended 31 December 2022</b>			
<b>Liabilities</b>			
Payables (excluding statutory liabilities)	34,153,920	-	34,153,920
	<b>34,153,920</b>		<b>34,153,920</b>

**ENERGY REGULATION BOARD**
**ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023**
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)**
**16. FINANCIAL RISK MANAGEMENT POLICIES (CONTINUED)**
**Liquidity risk management (continued)**
**Fair value measurements**

The information set out below provides information about how the ERB 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 ERB considers relevant and observable market prices in its valuations where possible.

**(i) Fair value of the ERB's financial assets and financial liabilities that are measured at fair value on a recurring basis**

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

**(ii) 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**

	2023	2022
	K	K
<b>Financial assets at amortised cost</b>		
Cash and cash equivalents	<b>109,512,720</b>	2,505,081
Other receivables (excluding prepayments and statutory receivables)	<b>6,282,540</b>	7,844,590
	<b>115,795,260</b>	10,349,671

**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 (2022: Nil) and as such the entity was not geared (2023: Not geared)

## **ENERGY REGULATION BOARD**

### **ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023**

#### **NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)**

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#### **17. CAPITAL COMMITMENTS**

There were no capital commitments as at 31 December 2023 (2022: Nil).

#### **18. CONTINGENT LIABILITIES**

Cases before the courts include Juliet Bungoni Vs ERB ,Noah Soko Vs ERB , ERB Vs Kasgon Energy Limited ,ERB Vs Rixoil Zambia Limited ,ERB Vs Exxon Petroleum Limited. The contingent liability from the cases cannot be ascertained as the matters are yet to be concluded.

#### **19. EVENTS AFTER THE REPORTING DATE**

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

**ENERGY REGULATION BOARD**
**APPENDIX I: UNAUDITED DETAILED OPERATING STATEMENT FOR THE YEAR ENDED 31 DECEMBER**

<b>Kwacha</b>	<b>2023</b>	<b>2022</b>
<b>Income</b>		
Government revenue grants	<b>90,647,013</b>	86,330,393
Amortisation of capital grants	<b>445,624</b>	325,200
Agency Fees	<b>89,712,486</b>	94,080,519
Finance Income	<b>735,719</b>	-
<b>Other income</b>		
Assessment fees	-	8,026,639
Interest income	<b>114,007</b>	102,125
Sale of application forms	<b>649,384</b>	589,189
Registration of Suppliers	-	5,500
Gain on disposal of assets	<b>231,267</b>	249,846
Other Sundry income	<b>64,129</b>	11,921
Amortisation of staff benefit	<b>80,054</b>	79,562
Bad debt impairment release	<b>9,000</b>	7,633,870
	<b>1,147,841</b>	16,698,652
<b>Total income</b>	<b>182,688,683</b>	<b>197,434,764</b>
<b>Expenditure</b>		
Employee costs	<b>111,793,577</b>	103,018,661
Office expenses	<b>7,952,838</b>	5,117,668
Depreciation	<b>6,110,306</b>	2,578,922
Publicity and consumer outreach	<b>5,768,847</b>	3,153,882
Board Members' emoluments	<b>3,297,600</b>	3,297,520
Regulatory advocacy costs	<b>7,072,113</b>	4,544,970
Standard enforcement	<b>3,404,771</b>	3,517,965
Subscriptions	<b>3,490,722</b>	3,164,525
Training	<b>1,878,064</b>	2,292,871
Board Training expenses	<b>2,764,882</b>	2,038,153
Tariff review & pricing	<b>1,957,216</b>	2,219,771
Postage, telephone and fax	<b>4,634,458</b>	2,017,285
Staff welfare	<b>3,261,212</b>	2,179,205
Medical expenses	<b>2,519,024</b>	2,224,443
Insurance expenses	<b>5,966</b>	917,944
Workshops	<b>1,244,049</b>	741,962
Other Audits and Consultancy	<b>814,533</b>	866,283
Motor vehicle expenses	<b>1,255,883</b>	1,443,425
Board regulatory and meetings expenses	<b>2,182,645</b>	3,041,329
Standards development costs	<b>739,306</b>	714,770
Printing and stationery	<b>1,072,223</b>	774,182
Licence development and review	<b>855,142</b>	614,837
Energy market reform costs	<b>300,410</b>	726,296
External audit Fees	<b>288,788</b>	288,788
Legal framework	<b>1,672,758</b>	191,772
Office rent	<b>381,610</b>	304,225
Legal fees	<b>78,636</b>	511,432
Regulatory research & dev costs	<b>764,951</b>	557,437
Bank charges and interest	<b>218,112</b>	100,043
Workers compensation	<b>84,235</b>	91,904
Staff recruitment	<b>109,780</b>	119,344
Integrity committee costs	<b>206,393</b>	-
Finance Cost	<b>65,588</b>	31,339
<b>Total expenditure</b>	<b>178,246,638</b>	<b>153,403,153</b>
<b>Surplus for the year</b>	<b>4,442,045</b>	<b>44,031,611</b>

# APPENDICES





# APPENDICES

## Appendix 1-1: Composition of the Board

Member	Position	Date Appointed
Mr. Reynolds C. Bowa	Chairperson	14 <sup>th</sup> December 2021
Mr. James Banda	Vice Chairperson	27 <sup>th</sup> May 2022
Ms. Karen Banda-Etondo	Member	14 <sup>th</sup> December 2021
Mr. Banji Kalenga	Member	14 <sup>th</sup> December 2021
Mr. Michael Kachumi	Member	14 <sup>th</sup> December 2021
Dr. Mususu Kaonda	Member	5 <sup>th</sup> May 2022
Mrs. Jane Musonda Mulenga	Member	5 <sup>th</sup> May 2022

## Appendix 1-2: Composition of the five Board Committees

### Membership of Audit and Risk Committee

Member	Position	Date Appointed
Mr. Michael Kachumi	Chairperson	5 <sup>th</sup> January 2022
Mr. James Banda	Member	28 <sup>th</sup> July 2022
Mr. Boniface M. Chitambala	Member	5 <sup>th</sup> January 2022
Mr. Shuko Ndhlovu	Member	5 <sup>th</sup> January 2022
Ms. Patricia Hantumba	Member	5 <sup>th</sup> January 2022

### Membership of the Consumer Affairs Committee

Member	Position	Date Appointed
Mrs. Jane M. Mulenga	Chairperson	26 <sup>th</sup> May 2022
Ms. Karen Banda-Etondo	Member	5 <sup>th</sup> January 2022
Ms. Rita Mkandawire	Member	3 <sup>rd</sup> May 2022
Mr. Bwanga Kapumpa	Member	5 <sup>th</sup> January 2022
Mr. Chisebwe Fumbeshi	Member	5 <sup>th</sup> January 2022

### Membership of the Finance, Human Resource and Administration Committee

Member	Position	Date Appointed
Ms. Karen Banda-Etondo	Chairperson	24 <sup>th</sup> December 2021
Mrs. Jane M. Mulenga	Member	26 <sup>th</sup> May 2022
Mr. Jack Sievu	Member	24 <sup>th</sup> December 2021
Mr. Kelvin Shamizhinga	Member	24 <sup>th</sup> December 2021
Mr. Teddie Mwale	Member	24 <sup>th</sup> December 2021

### Membership of Technical Committee

Member	Position	Date Appointed
Mr. Banji Kalenga	Chairperson	5 <sup>th</sup> January 2022
Dr. Kaonda Mususu	Member	26 <sup>th</sup> May 2022
Dr. Bernard Tembo	Member	5 <sup>th</sup> January 2022
Mr. Charles Mukuka	Member	5 <sup>th</sup> January 2022
Mr. John Chirwa	Member	5 <sup>th</sup> January 2022

## Membership of Licensing Committee

Member	Position	Date Appointed
Dr. Kaonda Mususu	Chairperson	26 <sup>th</sup> May 2022
Mr. Michael Kachumi	Member	25 <sup>th</sup> April 2022
Mr. James Banda	Member	28 <sup>th</sup> July 2022
Mr. Eugene Kalesha	Member	5 <sup>th</sup> January 2022
Mr. Moses Chatulika	Member	5 <sup>th</sup> January 2022
Ms. Michelle Mwiinga	Member	25 <sup>th</sup> 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 Board Meetings	7	-
Special Regulatory	-	4
Special Administrative	-	1
<b>Total</b>	<b>15</b>	<b>13</b>

### Attendance for the Administrative Board Meetings held in 2023

Name	Meetings Held	Attended
Mr. Reynolds C. Bowa	4	4
Mr. James Banda	4	4
Mr. Banji Kalenga	4	4
Mr. Michael Kachumi	4	4
Ms. Karen Banda-Etondo	4	4
Dr. Mususu Kaonda	4	4
Mrs. Jane M. Mulenga	4	4

### Attendance for the Regulatory Board Meetings held in 2023

Name	Meetings Held	Attended
Mr. Reynolds C. Bowa	4	4
Mr. James Banda	4	4
Mr. Banji Kalenga	4	4
Mr. Michael Kachumi	4	4
Ms. Karen Banda	4	4
Dr. Mususu Kaonda	4	4
Mrs. Jane M. Mulenga	4	4

### Attendance for the Special Administrative Board Meetings held in 2023

Name	Meetings Held	Attended
Mr. Reynolds C. Bowa	1	1
Mr. James Banda	1	1
Mr. Banji Kalenga	1	1
Mr. Michael Kachumi	1	1
Ms. Karen Banda-Etondo	1	1
Dr. Mususu Kaonda	1	1
Mrs. Jane M. Mulenga	1	1

### Attendance for the Special Regulatory Board Meetings held in 2023

Name	Meetings Held	Attended
Mr. Reynolds C. Bowa	4	4
Mr. James Banda	4	4
Mr. Banji Kalenga	4	4
Mr. Michael Kachumi	4	4
Ms. Karen Banda-Etondo	4	4
Dr. Kaonda Mususu	4	4
Mrs. Jane M. Mulenga	4	4

### Attendance for the Petroleum Pump Price Review Board Meetings held in 2023

Name	Meetings Held	Attended
Mr. Reynolds C. Bowa	12	12
Mr. James Banda	12	12
Mr. Banji Kalenga	12	12
Mr. Michael Kachumi	12	12
Ms. Karen Banda-Etondo	12	11
Dr. Mususu Kaonda	12	12
Mrs. Jane M. Mulenga	12	12

## Appendix 1-4: Number of Committee Meetings

### Number of Committee Meetings held in 2023

Committee	Scheduled Meetings	Meetings Held	Special Meetings
Audit and Risk	4	4	-
Consumer Affairs	4	4	-
Finance, Human Resource and Administration	4	4	3
Technical	4	4	-
Licensing	12	12	-
Combined Audit and Risk and Finance, Human Resource & Administration	3	1	-
<b>Total</b>	<b>31</b>	<b>29</b>	<b>3</b>

### Attendance for the Audit and Risk Committee Meetings held in 2023

Name	Scheduled	Held	Attended	Special Meetings Attended
Mr. Michael Kachumi	4	4	4	-
Mr. James Banda	4	4	3	-
Ms. Patricia Hantumba	4	4	3	-
Mr. Shuko Ndhlovu	4	4	4	-
Mr. Boniface Chitambala	4	4	4	-

### Attendance for the Consumer Affairs Committee Meetings held in 2023

Name	Scheduled	Held	Attended	Comment/Note
Ms. Karen Banda-Etondo	4	4	4	-
Mrs. Jane M. Mulenga	4	4	4	-
Ms. Rita Mkandawire	4	4	4	-
Mr. Bwanga Kapumpa	4	4	3	Missed one
Mr. Chisebwe Fumbeshi	4	4	4	-

### Attendance for the Finance, Human Resources and Administration Committee Meetings held in 2023

Name	Scheduled	Held	Attended
Ms. Karen Banda-Etondo	4	4	4
Mrs Jane M. Mulenga	4	4	4
Mr. Jack Sievu	4	4	4
Mr. Kelvin Shamizhinga	4	4	4
Mr. Teddie Mwale	4	4	4

### Attendance for the Technical Committee Meetings held in 2023

Name	Scheduled	Held	Attended
Mr. Banji Kalenga	4	4	4
Dr. Kaonda Mususu	4	4	4
Dr. Bernard Tembo	4	4	3
Mr. Charles Mukuka	4	4	4
Mr. John Chirwa	4	4	4

### Attendance for the Licensing Committee Meetings held in 2023

Name	Scheduled	Held	Attended
Dr. Kaonda Mususu	12	12	12
Mr. Michael Kachumi	12	12	12
Mr. James Banda	12	12	10
Mr. Eugene Kalesha	12	12	12
Mr. Moses Chatulika	12	12	12
Ms. Michelle Mwiinga	12	12	12

### Attendance for the Special Finance, Human Resources and Administration Committee Meetings held in 2023

Name	Scheduled	Held	Attended
Ms. Karen Banda-Etondo	4	4	4
Mrs Jane M. Mulenga	4	4	4
Mr. Jack Sievu	4	4	4
Mr. Kelvin Shamizhinga	4	4	4
Mr. Teddie Mwale	4	4	4

## Attendance for the Combined Meeting of the Audit and Risk and the Finance, Human Resource and Administration Committee held in 2023

Name	Scheduled	Held	Attended
Mr. Michael Kachumi	1	1	1
Mr. James Banda	1	1	1
Ms. Karen Banda-Etondo	1	1	1
Mrs Jane M. Mulenga	1	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 Committee Meetings

Member	Committee	Number of Meetings
Mr. James Banda	ARC	3
	COMBINED ARC/FHRAC	1
	LC	10
Mr. Michael Kachumi	ARC	4
	COMBINED ARC/FHRAC	1
	LC	12
Ms. Karen Banda-Etondo	CAC	4
	FHRAC	4
	SPECIAL FHRAC	4
	COMBINED ARC/FHRAC	1
Mrs. Jane M. Mulenga	CAC	4
	FHRAC	4
	SPECIAL FHRAC	4
	COMBINED ARC/FHRAC	1
Mr. Banji Kalenga	TC	4
Dr. Kaonda Mususu	LC	12
	TC	4
Mr. Boniface M. Chitambala	ARC	4
	COMBINED ARC/FHRAC	1
Mr. Shuko Ndhlovu	ARC	4
	COMBINED ARC/FHRAC	1
Ms. Patricia Hantumba	ARC	3
	COMBINED ARC/FHRAC	1
Mr. Bwanga Kapumpa	CAC	3
Ms. Rita Mkandawire	CAC	4
Mr. Chisebwe Fumbeshi	CAC	4
Mr. Jack Sievu	FHRAC	4
	SPECIAL FHRAC	4
	COMBINED ARC/FHRAC	1

Member	Committee	Number of Meetings
Mr. Kelvin Shamizhinga	FHRAC	4
	SPECIAL FHRAC	4
	COMBINED ARC/FHRAC	1
Mr. Teddie Mwale	FHRAC	4
	SPECIAL FHRAC	4
	COMBINED ARC/FHRAC	1
Mr. Eugene Kalesha	LC	12
Mr. Moses Chatulika	LC	12
Ms. Michelle Mwiinga	LC	12
Dr. Bernard Tembo	TC	3
Mr. Charles Mukuka	TC	4
Mr. John Chirwa	TC	4

## Appendix 2-1: Types of Licences Issued by the ERB

### Petroleum licences

No	Description of Licence	Tenure (Years)
1	Export of Liquefied Petroleum Gas (Butane)	5
2	Import, Distribute & Export Petroleum Products (Oil Marketing Companies)	5
3	Import, Distribute & Export of Liquefied Petroleum Gas	5
4	Importation, Packaging & Blending, Distribution & Export of Lubricants	5
5	Refining of Petroleum Products	15
6	Retail of Liquefied Petroleum Gas	5
7	Retail of Petroleum Products	5
8	Terminal Storage of Petroleum Products	10
9	Storage of Petroleum Products - Consumer Facility	3
10	Transportation and Marketing of Coal <sup>5</sup>	3
11	Transportation of Petroleum Products – Liquefied Petroleum Gas	3
12	Transportation of Petroleum Products by Rail	3
13	Transportation of Petroleum Products by Road	3
14	Transportation of Petroleum Products by Pipeline	15
15	Wholesale Marketing of Petroleum Products	1.5

<sup>5</sup> Not a petroleum-based fuel but a fossil fuel

## Electricity licences

No	Description of Licence	Tenure (Years)
1	Distribution of Electricity	15
2	Embedded Generation of Electricity	25
3	Embedded Generation of Electricity for Own Use	5
4	Generation of Electricity	30
5	Generation of Electricity for Own Use	5
6	Generation, Distribution and Supply of Electricity to an Off grid	20
7	Supply of Electricity	5
8	System Operator	5
9	Trading of Electricity	20
10	Transmission of Electricity	30

## Renewable energy licences

No	Description of Licence	Tenure (Years)
1	Manufacture, Supply, Installation, & Maintenance of Renewable Energy Generating Equipment	5
2	Production of Biofuels	15
3	Storage and Blending of Biofuels	5
4	Transportation of Biofuels	3
5	Import, Distribution & Export of Biofuels	5

## Construction Permits issued in the Energy Subsector

No	Subsector	Tenure (Years)
1	Electricity	2
2	Petroleum	2
3	Renewable Energy	2

## Appendix 2-2: Approved Electricity Supply Agreements

No.	Contracting Parties to the PPA or PSA	Contracted capacity	Duration (years)
1.	ZESCO & Botswana Power Corporation Limited PSA – non-firm	200 MW	2
2.	ZESCO & Maamba Collieries Limited PPA – addendum	208.80 MW	20 (from 2016)
3.	ZESCO & Ultra Green Corporation Limited PPA	50 MW	25
4.	ZESCO & Integrated Clean Energy Power Company Limited PPA	600 MW	25 (from Commercial Operation Date)
5.	ZESCO & Zimbabwe Electricity Company PSA	10 MW	10
6.	Lunsemfwa Hydro Power Company Limited & ENpower Trading (Pty) Limited PSA	10 MW	1.5
7.	ZESCO & Maamba Collieries Limited Transmission Agreement – addendum	208.8 MW	N/A
8.	ZESCO & Copperbelt Energy Corporation Plc BSA – addendum	380 MW	13 from 2022
9.	ZESCO & Maamba Collieries Limited Balancing Agreement.	N/A	N/A
10.	ZESCO & Itezhi Tezhi Power Corporation Limited PPA – addendum	116.40 MW	25 from 2016
11.	ZESCO & Lumwana Mining Company Limited PSA	65 MVA	10
12.	Copperbelt Energy Corporation Plc & Copperbelt Energy Corporation DRC SARL PSA	35 MW	15
13.	Copperbelt Energy Corporation Plc & African Power Coal Limited PSA	18 MW	15
14.	ZESCO & Western Power Company Limited PPA	180 MW	25
15.	ZESCO & Jiangxi United Industrial Investment Limited PSA	10 MVA	10
16.	ZESCO & ENPower Trading (Pty) Limited Wheeling Agreement	10 MW	1.5
17.	ZESCO & Good Time Steel Limited PSA	15 MVA	5
18.	ZESCO & Westland Power Company Limited PPA	500 MW	25
19.	Copperbelt Energy Corporation Plc & Nkana Alloy Smelting Company Limited PSA	80 kVA	6
20.	ZESCO & 19 Ferro Alloys Companies in Zambia PSA	277 MVA (combined)	5
21.	ZESCO & GreenCo Power Services Limited System Operation Agreement	N/A	20
22.	ZESCO Limited and Electricidade de Moçambique, EP PSA	20 MW firm 200 MW non-firm	1
23.	ZESCO & Kansanshi Mining Plc PSA	165 MVA	5
24.	ZESCO & First Quantum Minerals Trident Limited PSA	190 MVA	10
25.	ZESCO and Electricidade de Moçambique, EP PSA – LV export	200 KVA	5
26.	ZESCO Limited and SAF Energy SARL	50 MW	3
27.	ZESCO & Lunsemfwa Hydro Power Company Limited PSA	-	1



No.	Contracting Parties to the PPA or PSA	Contracted capacity	Duration (years)
28.	ZESCO Limited and Zimbabwe Platinum Mines (Private) Limited (ZimPlats) PSA	50 MW	10
29.	ZESCO Limited and Eagle Eye Trans Limited PSA	8 MVA	5
30.	ZESCO Limited and Zambezi Portland Cement Limited PSA	15 MVA	5
31.	ZESCO & Universal Mining and Chemicals Industry Limited PSA	25 MVA	5
32.	ZESCO & Que Investments Limited Wheeling Agreement	50 MW	2
33.	ZESCO & ENPower Trading DRC SARL PSA	350 MW	10
34.	ZESCO & Kafue Gorge Lower Power Development Corporation Limited PPA – addendum	750 MW	25 from 2023
35.	ZESCO & Sanhe Zambia Limited PSA	10 MVA	5
36.	ZESCO & Consolidated Farming Limited PPA	40 MW	N/A
37.	ZESCO & Tanzania Electricity Supply Company Limited PSA	20 MVA	10 from 2016
38.	ZESCO & Africa Energy Investment SARL PSA	15 MW non-firm	5
39.	ZESCO & Zengamina Power Limited PSA	3 MW	10
40.	ZESCO & Namibia Power Corporation (Pty) Limited PSA	80 MW	5
41.	Kariba North Bank Extension Power Corporation Limited & ZESCO Limited PSA	200 MW	25
42.	ZESCO Limited & Chilanga Cement Plc (Ndola) PSA	3.6 MVA	5
43.	ZESCO Limited & Chilanga Cement Plc (Chilanga) PSA	17 MVA	5
44.	ZESCO Limited & Mpande Limestone Limited PSA	30 MW	11 from 2017
45.	ZESCO Limited & Metal Fabricators of Zambia Plc (ZAMEFA) PSA	7.5 MW	5
46.	ZESCO Limited & Solarcentury Trading (Pty) Limited PSA	5 MW	1
47.	ZESCO Limited & Zambia Sugar Plc PSA	30 MVA	5
48.	CEC Renewables & Copperbelt Energy Corporation Plc PPA	90.9 MW (combined)	25

## Appendix 4-1: List of Solar PV Enterprises Audited in 2023

No.	Licensee
1.	Davis and Shirliff Zambia Limited
2.	Battery King Investments Limited
3.	Greentech Investments Limited
4.	Timbuktu Zambia Limited
5.	Explore Solar Zambia Limited
6.	Smartnet Energy Limited
7.	Erac Energy Limited
8.	Zircon Energy Solutions Limited
9.	Hashtag Direct Solutions
10.	Digital Office Solutions Limited
11.	Yougo Limited
12.	Limelight Ventures Limited
13.	Cardinal Distributors Limited
14.	Yash Industries Limited
15.	Synergy Contracting Zambia Limited
16.	Engie Energy Access
17.	Warbrands Limited
18.	Global Solar Zambia Limited
19.	Black International
20.	Desco Engineering and Contracting
21.	Astro Works Limited
22.	Rent to Own
23.	Newtech Business System Limited
24.	Professional Outcomes Limited
25.	Wind Sun Energy Zambia Limited
26.	Scadoxus Import and Export Limited
27.	Ajay Industrial Corporation Zambia Limited
28.	Solarland Investments Limited
29.	Solarmacs Energy Limited
30.	Solar Point Limited
31.	Bestbuy Lighting Limited
32.	Solar Quest Limited
33.	Home Power Investments Limited
34.	Waterman Pump Systems Limited
35.	Electrical Maintenance Limited
36.	Sunray Power Company Limited
37.	Africa Mobile Networks Zambia Limited
38.	Lite Electrical Contractors Limited

## Appendix 4-2: Summary of Enforcement Hearings

No.	Licensee	Date of Enforcement Hearing	Nature of Breach	ERB Decision (Penalty/Fines in ZMW)
1.	Harvest Group of Companies Limited	23/01/2023	Variation of approved site layout without authority of the ERB contrary to Clause 3.2 of the conditions of construction permit.	Fined 45,000
2.	Karan Investment Limited	31/01/2023	Engaged in the transportation of Petroleum products without a Licence contrary to Section 10(1) of the Energy Regulation Act	Fined 75,000
3.	Mount Meru Petroleum Limited	31/01/2023	Selling of specifications of petroleum products and failure to comply with quality control and monitoring guidelines	Fined 90,000
4.	Ije Investment Limited	13/02/2023	Late renewal of licence following expiry contrary to Clause 6.1 of the Licence Conditions	Fined 5,000
5.	Odux Petroleum Limited	27/02/2023	Non submissions of returns	Fined 9,000
6.	Quality Petroleum Limited	13/02/2023	Late renewal of retail licence contrary to Clause 6.3 of the Licence Conditions	Fined 20,000
7.	Refuel Petroleum Corporation Limited	13/02/2023	Late renewal of retail licence contrary to Clause 7.1 of the Licence Conditions	Fined 7,000
8.	Rekays Farming and Building Supplies	13/02/2023	Late renewal of retail licence contrary to Clause 7.1 of the Licence Conditions	Fined 5,000
9.	Blue Planet Commodities Zambia Limited	13/02/2023	Late renewal of retail licence contrary to Clause 7.1 of the Licence Conditions	Fined 5,000
10.	Juba Transport Limited	06/03/2023	Illegal Fuel Vending and Unauthorised Parking of Petroleum Road Tank Vehicle contrary to Clause 2.5.1 of the Licence Conditions	Fined 75,000
11.	Hamms Engineering Limited	22/03/2023	Variation of approved site layout without authority of the ERB contrary to Clause 3.2 of the conditions of the construction permit	Fined 10,000
12.	Vivo Energy Limited	09/05/2023	Dispensing fuel in public service vehicle with passengers on board	Fined 30,000
13.	Petroda Zambia	25/05/2023	Dispensing fuel in public service vehicle with passengers on board	Fined 30,000
14.	Vivo Energy Limited	09/05/2023	Failure to comply with directive of the ERB	Fined 30,000
15.	Zamfuel Petroleum Limited	09/06/2023	Failure to comply with directive of the ERB	Fined 30,000

No.	Licensee	Date of Enforcement Hearing	Nature of Breach	ERB Decision (Penalty/Fines in ZMW)
16.	Oasis Oil Zambia	09/06/2023	Failure to comply with directive of the ERB	Fined 30,000
17.	Karan Investment Limited	09/06/2023	Failure to comply with directive of the ERB	Fined 30,000
18.	Total Energies Zambia Limited	09/06/2023	Failure to comply with directive of the ERB	Fined 30,000
19.	Puma Energy Zambia Limited	09/06/2023	Dispensing fuel in a Public Service Vehicle with Passengers on Board	Fined 30,000
20.	Rubis Energy Limited	15/06/2023	Failure to comply with directive of the ERB	Fined 30,000
21.	Mount Meru Petroleum Limited	05/06/2023	Failure to comply with offloading procedures and failure to notify the ERB of notifiable incidences	Fined 65,000
22.	Vivo Energy Limited	05/06/2023	Refuelling into a metallic tank and Hoarding Petroleum Products	Fined 60,000
23.	Spectra Oil Corporation Limited	10/06/2023	Failure to comply with standards pertaining to safety, health, and environment	Fined 7,500
24.	Lusemfwa Hydro Power Company Limited	29/06/2023	<ul style="list-style-type: none"> <li>i. Failure to pay licence fees</li> <li>ii. Levying a charge for the provision and use of transmission system without prior approval of the ERB</li> <li>iii. Failure to obtain regulatory approval of wheeling agreement from the ERB</li> </ul>	Fined 135,000
25.	Enigma Petroleum Limited	02/07/2023	Transfer of a Licence Retail Site without prior written approval of the ERB contrary to Clause 2.3 of the Licence Conditions	Fined 15,000
26.	Simba Oil Company Limited	30/08/2023	Non submission of returns	Fined 20,000
27.	Oryx Energies Limited	30/08/2023	Failure to obtain a construction permit for expansion works	Fined 45,000
28.	Endrone Petroleum Limited	11/08/2023	Operating road tank vehicles without a licence contrary to Section 10(1) of the Energy Regulation Act	Fined 75,000
29.	Chingases Company Limited	31/08/2023	Engaging in retail of Liquefied Petroleum Gas (LPG) without a licence contrary to Section 10(1) of the Energy Regulation Act	Fined 60,000
30.	Unicorn Logistics	27/08/2023	Failure to notify the ERB of an accident and failure to submit comprehensive report within seven days of the incident	Fined 50,000
31.	Oasis Oil Zambia Limited	12/09/2023	Variation of site layout plan contrary to Clause 3.2 of Licence Conditions	Fined 45,000

<b>No.</b>	<b>Licensee</b>	<b>Date of Enforcement Hearing</b>	<b>Nature of Breach</b>	<b>ERB Decision (Penalty/Fines in ZMW)</b>
32.	Luapula Oils Zambia Limited	19/09/2023	Engaging an unlicensed transporter to transport petroleum products contrary to Clause 2.1 of the Licence Conditions	Fined 45,000
33.	Chingases Company Limited	18/09/2023	Engaging in retail of Liquefied Petroleum Gas (LPG) without a licence contrary to Section 10(1) of the Energy Regulation Act	Fined 75,000
34.	Shann Carriers and General Dealers Limited	16/10/2023	Constructing an energy facility without a construction permit from the ERB	Fined 45,000
35.	Total Energies Zambia Limited	06/11/2023	Operating with retail service stockouts without written notification to the ERB	Fined 45,000
36.	North-Western Energy Corporation	08/11/2023	Failure to comply with a directive of the ERB	Fined 30,000
37.	Www Investment Limited	15/11/2023	Engaging in retail of petroleum products without a licence contrary to Section 10(1) of the Energy Regulation Act	Fined 75,000
38.	Mine Gases Company Limited	04/12/2023	Failure to comply with Regulations, Standards, Guidelines and Procedures related to quality and reliability of supply and services and failure to comply with directive of the ERB	Fined 54,000
39.	Admire Energy Limited	04/12/2023	Operating retail service stockouts without written notification to the ERB	Fined 45,000
40.	Mount Meru Petroleum Limited	04/12/2023	Failure to conduct licenced activity in accordance with conditions, standards and regulations and failure to comply with a directive of the ERB	Fined 45,000
41.	Vivo Energy Limited	06/12/2023	Operating retail service stockouts without written notification to the ERB	Fined 24,000

## Appendix 5-1: Wholesale Price Build-Up For December 2023

		<b>PETROL</b>	<b>DIESEL</b>	<b>KEROSENE</b>
Platts Arab Gulf	US\$/barrel	89.18	104.65	92.09
Conversion Factor		8.42	7.56	7.88
FOB Price	US\$/MT	750.90	791.15	725.67
Traders Margin	US\$/MT	32.51	36.16	36.06
FOB & Traders margin	US\$/MT	783.410	827.310	761.730
Freight	US\$/MT	-	-	-
C & F (Dar/Beira)		783.41	827.31	761.73
Storage	\$/MT	9.48	9.23	9.23
Insurance	0.15% of C & F	-	-	-
Ocean losses	0.3% of C & F	-	-	-
Wharfage	1.25% of C & F	9.79	10.34	9.52
BPS Premium	\$/MT	149.56	100.86	211.64
CIF (Dar/Beira)		952.24	947.74	992.12
Transportation Fee	US\$/MT	200.00	133.33	205.00
Transportation Losses	0.5% petrol & 0.3% diesel, 0.3% kerosene	5.76	3.24	3.59
Importers Margin	US\$/MT	34.00	34.00	34.00
CIF (Lusaka)	\$/MT	1,192.00	1,118.31	1,234.71
Storage losses	0.5% petrol & 0.3% diesel, 0.3% kerosene	5.96	3.35	3.70
Wholesale Price to OMC	\$/tonne	1,197.96	1,121.66	1,238.41
Conversion factors		0.74	0.84	0.80
<b>Wholesale Price to OMC</b>	<b>\$/M3</b>	<b>886.49</b>	<b>942.19</b>	<b>990.73</b>
<b>Exchange Rate</b>	<b>K to \$</b>	<b>23.01</b>	<b>23.01</b>	<b>18.42</b>
<b>New Wholesale Price to OMC</b>	<b>K/M3</b>	<b>20,398.13</b>	<b>21,679.79</b>	<b>18,249.25</b>

## Appendix 5-2: Approved Multi Year Tariffs

CUSTOMER CATEGORY	TARIFF	Current Tariffs (K/kWh)	Proposed Tariffs (K/kWh)				
			2023	2024	2025	2026	2027
<b>1. METERED RESIDENTIAL TARIFFS [Capacity up to 15kVA]</b>							
R1 - Consumption up to 100kWh	Energy Charge/kWh	0	0.40	0.44	0.54	0.63	0.73
R2 - Consumption above 100 to 200kWh	Energy Charge/kWh	0.85	0.95	1.05	1.28	1.50	1.76
R3 - Consumption above >200≤ 500	Energy Charge/kWh	1.94	1.54	1.69	2.07	2.42	2.83
R4 - Consumption above 500	Energy Charge/kWh	N/A	2.22	2.44	3.23	3.45	4.04
<b>2. COMMERCIAL TARIFF (Capacity up to 15kVA)</b>							
C1 - Commercial ≤100	Energy Charge/kWh	1.07	0.67	0.78	0.92	0.98	1.05
C2 - Commercial >100≤ 300	Energy Charge/kWh	1.85	1.15	1.35	1.58	1.69	1.81
C3 - Commercial >300≤ 500	Energy Charge/kWh	N/A	1.99	2.19	2.52	2.65	2.78
C4 - Commercial >500	Energy Charge/kWh	N/A	2.26	2.28	2.39	2.51	2.63
<b>3. SOCIAL SERVICES TARIFFS (Schools, Hospitals, street lighting)</b>							
S1 - Social ≤ 100	Energy Charge/kWh	1.19	0.62	0.69	0.76	0.81	0.87
S2 - Social >100≤ 300	Energy Charge/kWh		0.94	1.04	1.15	1.23	1.32
S3 - Social >300≤ 500	Energy Charge/kWh		1.00	1.11	1.22	1.31	1.40
S4 - Social >500	Energy Charge/kWh		1.13	1.25	1.38	1.48	1.59
	Fixed Monthly Charge	83.84	Abolished				
<b>4. WATER PUMPING STATIONS</b>							
W1 - ≤ 12000	Energy Charge/kWh		0.50	0.56	0.60	0.65	0.70
W2 >12000≤ 50000	Energy Charge/kWh		0.57	0.65	0.76	0.81	0.88
W3 >50000≤ 100000	Energy Charge/kWh		1.01	1.13	1.21	1.30	1.41
W4 >100000	Energy Charge/kWh		1.53	1.72	1.84	1.97	2.15
<b>5. DISTRIBUTION TARIFFS</b>							
Purchasers of power for distribution to	MD Charge/kVA/Month	218.73	250.8	254.8	258.2	261.7	268.5
Retail customers. (Exchange rate: ZMK16.50/US\$)	Energy Charge/kWh	0.54	0.62	0.63	0.64	0.65	0.66
<b>6. MAXIMUM DEMAND TARIFFS</b>							
MD1 - Capacity from ≥ 16 ≤ 300KVA	MD Charge/kVA/Month	42.79	51.96	55.23	60.2	65.62	71.53

CUSTOMER CATEGORY	TARIFF	Current Tariffs (K/kWh)	Proposed Tariffs (K/kWh)				
			2023	2024	2025	2026	2027
	Energy Charge/kWh	0.61	0.74	0.81	0.88	0.96	1.05
	Fixed Monthly Charge	419.02	508.82	548	597.32	651.07	709.67
	Off Peak MD Charge/KVA/Month	21.39	25.98	27.62	30.1	32.81	35.76
	Off Peak Energy Charge/kWh	0.46	0.56	0.61	0.66	0.72	0.79
	Peak MD Charge/KVA/Month	53.48	64.95	69.04	75.26	82.03	89.41
	Peak Energy Charge/kWh	0.77	0.93	1.01	1.10	1.20	1.31
MD2 - Capacity from 301kVA to 2,000kVA	MD Charge/kVA/Month	80.03	97.18	106.22	115.78	126.2	137.56
	Energy Charge/kWh	0.53	0.64	0.70	0.77	0.84	0.91
	Fixed Monthly Charge	837.97	1,017.55	1,112.18	1,212.28	1,312.38	1,440.31
	Off Peak MD Charge/KVA/Month	40.01	48.59	53.11	57.89	63.1	68.78
	Off Peak Energy Charge/kWh	0.39	0.48	0.53	0.58	0.63	0.68
	Peak MD Charge/KVA/Month	100.03	121.48	132.77	144.72	157.75	171.95
	Peak Energy Charge/kWh	0.66	0.80	0.88	0.96	1.04	1.14
MD3 - Capacity from 2,001kVA to 5000kVA	MD Charge/kVA/Month	126.39	295.33	319.84	364.62	390.15	429.16
	Energy Charge/kWh	0.43	1.00	1.09	1.24	1.33	1.46
	Fixed Monthly Charge	1,755.17	3,397.77	3,815.70	4,349.89	4,654.39	5,119.82
	Off Peak MD Charge/KVA/Month	63.2	147.67	159.92	182.31	195.07	214.58
	Off Peak Energy Charge/kWh	0.32	0.75	0.82	0.93	1.00	1.1
	Peak MD Charge/KVA/Month	157.99	369.16	399.8	455.78	487.68	536.45
	Peak Energy Charge/kWh	0.54	1.26	1.36	1.55	1.66	1.83
MD4 - Capacity >5000kVA	MD Charge/kVA/Month	127.10	Abolished to Migrate to Power Supply Agreements				
This category has been migrated to Bulk Consumer	Energy Charge/kWh	0.36					
	Fixed Monthly Charge	3,510.39					
	Off Peak MD Charge/KVA/Month	63.55					
	Off Peak Energy Charge/kWh	0.27					
	Peak MD Charge/KVA/Month	158.88					
	Peak Energy Charge/kWh	0.45					
<b>Bulk [PPA]&gt;5000KVA</b>	MD Charge/kVA/Month		329.75	366.02	403.36	416.27	471.21
(Exchange rate: ZMK16.50/US\$)	Energy Charge/kWh		0.93	1.04	1.14	1.18	1.33
<b>NOTE:</b>							
The above tariffs are:							
(a)Exclusive of 3% Government excise duty							
(b)Exclusive of 16% Value Added Tax (VAT)							



## Appendix 9-1: Institutional Performance for 2023

### ERB 2023 INSTITUTIONAL PERFORMANCE

The Table below provides a detailed breakdown of the performance ratings against each target.

#### Detailed KPI Scoring Template

#	Strategy	Target	Self-Rating (0-100)	Approved Rating (0-100)	Weight (%)	Weighted Score (%)	Notes
<b>Work-Plan Activities (Weight =70%)</b>							
<b>Pillar 1: Stakeholder Management</b>							
1.	Develop and implement a comprehensive Stakeholder Management Plan	Stakeholder management plan developed by 31 March 2023	100		2	2	The Stakeholder Management Plan was developed and submitted to Management on 20 <sup>th</sup> March 2023.
2.	Review and implement the Communication and Visibility Strategy	1 <sup>st</sup> Energy industry meeting held by 31 <sup>st</sup> March 2023	100		0.25	0.25	Three (3) industry meetings were held during the first quarter as follows: i. Petroleum Industry Meeting (Fuel Marking) – 27 <sup>th</sup> January 2023 ii. Electricity Industry meeting - 10 <sup>th</sup> March 2023 iii. Petroleum Industry Meeting (Dealers) – 28 <sup>th</sup> March 2023
		2 <sup>nd</sup> Energy industry meeting held by 30 <sup>th</sup> June 2023	100		0.25	0.25	Two (2) industry meetings were held during the second quarter as follows: i. Petroleum Industry Meeting (Pricing Model Review) - 14 <sup>th</sup> April 2023 ii. Petroleum Industry Meeting (Supply Challenges) – 8 <sup>th</sup> June 2023

#	Strategy	Target	Self-Rating (0-100)	Approved Rating (0-100)	Weight (%)	Weighted Score (%)	Notes
		3 <sup>rd</sup> Energy industry meeting held by 30 <sup>th</sup> September 2023	100		0.25	0.25	Two Industry meetings were held during the second quarter as follows: i. Petroleum industry stakeholder meeting on Supply Challenges – 10 <sup>th</sup> July 2023 ii. Petroleum Industry meeting on LPG Price Framework - 22 <sup>nd</sup> September 2023
		4 <sup>th</sup> Energy industry meeting held by 31 <sup>st</sup> December 2023	100		0.25	0.25	Two (02) Industry meetings were held in the fourth quarter as follows: i. Meeting with stakeholders in the Petroleum subsector to discuss fuel pricing for the month of October on 5 <sup>th</sup> October 2023. ii. Consultative Meeting with stakeholders in the Petroleum sub-sector and Government Agencies held on 29 <sup>th</sup> November 2023.
		1 <sup>st</sup> Quarter Media briefing/ engagement conducted by 31 <sup>st</sup> March 2023	100		0.25	0.25	A media engagement was undertaken in the first quarter during the ZESCO Public Hearing at Mulungushi on 9 <sup>th</sup> March 2023 at which over 30 media houses were invited to cover the event and engage with board members on regulatory matters.
		2 <sup>nd</sup> Quarter Media briefing/ engagement conducted by 30 <sup>th</sup> June 2023	100		0.25	0.25	Four (4) media briefings/ engagements were conducted during the second quarter as follows: i. Briefing for the ZESCO Tariff Announcement on 21 <sup>st</sup> April 2023 in Lusaka. ii. Media tour of energy facilities on 25 <sup>th</sup> April 2023. iii. Media engagement during the NWECC Public Hearing held on 18 <sup>th</sup> May 2023 in Lumwana at which over 20 media houses were invited to cover the event and engage with board members on regulatory matters. iv. Briefing for the NWECC Tariff Announcement on 21 <sup>st</sup> June 2023 in Lumwana North-western Province.

#	Strategy	Target	Self-Rating (0-100)	Approved Rating (0-100)	Weight (%)	Weighted Score (%)	Notes
		3 <sup>rd</sup> Quarter Media briefing/ engagement conducted by 29 <sup>th</sup> September 2023	100		0.25	0.25	Four (04) media briefings/ engagements were conducted during the third quarter as follows: i. Held the Mid – Year Press Briefing on 25 <sup>th</sup> July 2023. ii. Key Performance Indicator Signing ceremony media engagement on 28 <sup>th</sup> July 2023. iii. Held a capacity building media interaction with Radio Announcers and DJs on 1 <sup>st</sup> September 2023. iv. Conducted a Media Tour for LPG Infrastructure on 7 <sup>th</sup> September 2023.
		4 <sup>th</sup> Quarter Media briefing/ engagement conducted by 31 <sup>st</sup> December 2023	100		0.25	0.25	During quarter 4 an end of Year Briefing and Award Presentation ceremony was held with the media on 28 <sup>th</sup> December 2023
		1 <sup>st</sup> Meeting with MOE by 28 <sup>th</sup> April 2023	100		0.25	0.25	The meeting was held on 31 <sup>st</sup> March 2023.
		2 <sup>nd</sup> Meeting with MOE by 31 <sup>st</sup> July 2023	100		0.25	0.25	The meeting was held on 17 <sup>th</sup> July 2023
		3 <sup>rd</sup> Meeting with MOE by 31 <sup>st</sup> October 2023	100		0.25	0.25	A meeting was held with Ministry of Energy on 22 <sup>nd</sup> August 2023
		4 <sup>th</sup> Meeting with MOE by 31 <sup>st</sup> December 2023	100		0.25	0.25	A meeting was held with MOE on 11 <sup>th</sup> December 2023
		One (1) parliamentary discussion forum conducted held 31 <sup>st</sup> July 2023	100		1	1	The meeting was held on 5 <sup>th</sup> July 2023
		1 <sup>st</sup> Provincial Town hall meeting in Kasama by 31 <sup>st</sup> May 2023	100		0.5	0.5	The meeting was held on 10 <sup>th</sup> May 2023.
		2 <sup>nd</sup> Provincial Town hall meeting in Ndola by 30 <sup>th</sup> June 2023	100		0.5	0.5	The meeting was held on 20 <sup>th</sup> June 2023.
		3 <sup>rd</sup> Provincial Town hall meeting in Kabwe by 31 <sup>st</sup> July 2023	100		0.5	0.5	The meeting was held on 19 <sup>th</sup> July 2023.
		4 <sup>th</sup> Provincial Town hall meeting in Choma by 31 <sup>st</sup> August 2023	100		0.5	0.5	The meeting was held on 27 <sup>th</sup> April 2023

#	Strategy	Target	Self-Rating (0-100)	Approved Rating (0-100)	Weight (%)	Weighted Score (%)	Notes
		5 <sup>th</sup> Provincial Town hall Meeting in Chipata by 31 <sup>st</sup> August 2023	100		0.5	0.5	The meeting held on 29 <sup>th</sup> August 2023
		6 <sup>th</sup> Provincial Town hall meeting in Mansa by 31 <sup>st</sup> August 2023	100		0.5	0.5	The meeting was held on 25 <sup>th</sup> of August 2023
		7 <sup>th</sup> Provincial Town hall meeting in Solwezi by 30 <sup>th</sup> September ,2023	100		0.5	0.5	The meeting held on 14 <sup>th</sup> September 2023
		8 <sup>th</sup> Provincial Town hall meeting in Lusaka by 30 <sup>th</sup> September 2023	100		0.5	0.5	The meeting held on 8 <sup>th</sup> June 2023
		9 <sup>th</sup> Provincial Town hall meeting in Chinsali by 30 <sup>th</sup> November 2023	100		0.5	0.5	A Town Hall meeting was held in Chinsali on 15 <sup>th</sup> March 2023.
		10 <sup>th</sup> Provincial Town hall meeting in Mongu by 30 <sup>th</sup> November 2023	100		0.5	0.5	A Town Hall meeting was held in Mongu on 23 <sup>rd</sup> November 2023
		Website reviewed by 30 <sup>th</sup> June 2023 by 30 <sup>th</sup> September 2023	100		1	1	The website was redesigned in June 2023. The new website was uploaded on 29 <sup>th</sup> June 2023.
		1 <sup>st</sup> Quarter Name/Shame articles by 31 <sup>st</sup> March 2023	100		0.25	0.25	Two (2) name and shame articles were issued during the first quarter as follows: i. Karan Closure – 1 <sup>st</sup> March 2023 ii. Juba Investigations – 6 <sup>th</sup> March 2023
		2 <sup>nd</sup> Quarter Name/Shame articles by 30 <sup>th</sup> June 2023	100		0.25	0.25	Three (3) name and shame articles were issued during second quarter as follows: i. Atosh Transport and Taam Zambia fire incident – 5 <sup>th</sup> June 2023 ii. Enforcement action for breach of licence conditions – 13 <sup>th</sup> June 2023 iii. Unauthorized parking of road tankers (5 licensees) – 15 <sup>th</sup> June 2023
		3 <sup>rd</sup> Quarter Name/Shame articles	100		0.25	0.25	A Name and Shame Press Statement on ERB Fines 17 Licensees for Breaching Licence Conditions was issued on 29 <sup>th</sup> August 2023.
		4 <sup>th</sup> Quarter Name/Shame articles	100		0.25	0.25	A Name and Shame Press Statement on ERB Fines Eight (08) Licensees for Breaching Licence conditions published on 30 <sup>th</sup> October, 2023

#	Strategy	Target	Self-Rating (0-100)	Approved Rating (0-100)	Weight (%)	Weighted Score (%)	Notes
		Publish all relevant Regulatory Board directives, decisions, and court judgements 10 calendar days after Board decision	88.89		1	0.89	<p>First Quarter</p> <p>Three (3) petroleum price review press statements were issued immediately after the board decisions were made in the first quarter.</p> <p>Two (2) press statements were not published following regulatory board meeting on</p> <p>i. Awareness on the Toll-Free line working hours.</p> <p>ii. Enforcement actions against Total energies on non-availability of petroleum</p> <p>Second Quarter</p> <p>Three (3) petroleum price review press statements were issued immediately after the board decisions were made in the second quarter.</p> <p>Two (2) press statements were published following the Regulatory board meeting on 29<sup>th</sup> May 2023 as follows:</p> <p>i. Hoarding of petroleum products – 2<sup>nd</sup> June 2023</p> <p>ii. Enforcement Action – June 2023</p> <p>Third Quarter</p> <p>Three (3) petroleum price review press statements were issued immediately after the board decisions were made in the third quarter</p> <p>Fourth Quarter</p> <p>Three (3) petroleum price review press statements were issued immediately after the board decisions were made in the third quarter</p> <p>Year to end Performance</p> <p>From January to December 2023 16 press statements were published out of 18 that were expected to be issued.</p>
3.	Revise and implement the Service Charter	<p>Draft Revised Service Charter developed by 31<sup>st</sup> March 2023</p> <p>Approved and implemented service charter by 31<sup>st</sup> May 2023</p>	100		1	1	The Service Charter was revised and circulated to Management on 29 <sup>th</sup> March 2023
			50		1	0.5	The revised service charter was approved by management in May 2023 and is being implemented

#	Strategy	Target	Self-Rating (0-100)	Approved Rating (0-100)	Weight (%)	Weighted Score (%)	Notes
<b>Pillar 2: Operational Excellence</b>							
4.	Automation of key regulatory systems	Implement the Internal Audit module by 30 <sup>th</sup> September 2023	100		1	1	The implementation of the internal Audit module commenced in July 2023
		Implement the M&E module by 31 <sup>st</sup> October 2023	0		1	0	The module was not implemented during the period under review however, procurement of the system is in progress.
5.	Utilization of Phase 1 MIS modules	Non-Tax Module integrated with one (1) banking platform to be developed by 31 <sup>st</sup> July 2023	0		2	0	The integration of the MIS to a banking platform was a work in progress as at end of December 2023.
6.	Develop and implement Business Continuity Management Plan	Risk Assessment of ERB Business systems by 13 <sup>th</sup> March 2023	0		0.5	0	The Risk Assessment was concluded on 2 <sup>nd</sup> April 2023.
		Conduct Business Impact analysis of ERB business systems by 30 <sup>th</sup> March 2023	0		0.5	0	The Business Impact Analysis of ERB business systems was concluded on 30 <sup>th</sup> June 2023.
		Develop Recovery Plan and procedures by 30 <sup>th</sup> June 2023	100		0.5	0.5	The Business Recovery plans and procedures were developed by 30 <sup>th</sup> June 2023.
		ExCo Approval of the BCMP by 15 <sup>th</sup> July 2023	0		0.25	0	ExCo approved the BCMP on the 30 <sup>th</sup> of September
		Dissemination of the BCMP to all Staff by 30 <sup>th</sup> August 2023	0		0.25	0	Dissemination of the BCMP to all staff was undertaken in October 2023
		Conduct one BCMP integrity test by 30 <sup>th</sup> October 2023	100		0.5	0.5	An ICT Integrity Test was conducted on 30 <sup>th</sup> September 2023

#	Strategy	Target	Self-Rating (0-100)	Approved Rating (0-100)	Weight (%)	Weighted Score (%)	Notes
7.	Approved revised ZESCO 2023-2025 KPI Framework by June 2023	Draft ZESCO KPI Framework by 20 <sup>th</sup> January 2023 Consultation with ZESCO by 20 <sup>th</sup> February 2023 Board Approved Revised ZESCO KPI Framework by 31 <sup>st</sup> March 2023 1 <sup>st</sup> Quarter Management Report by 31 <sup>st</sup> May 2023 Half year KPI performance report submitted to the Board 3 <sup>rd</sup> Quarter KPI performance report submitted to the Board by 31 <sup>st</sup> December 2023	100 100 100 N/A 0 100		1 0.5 0.5 N/A 0.75 0.75	1 0.5 0.5 N/A 0 0.75	The Draft ZESCO KPI framework was developed and circulated to internal stakeholders for consideration on 13 <sup>th</sup> January 2023. ZESCO was consulted on the framework via emails in February 2023. The revised ZESCO KPI Framework for the Period 2023 to 2025 was approved by the Board on 14 <sup>th</sup> March 2023. Waived as per resolution of 3 <sup>rd</sup> Administrative Board Meeting ZESCO submitted the initial report on 21 <sup>st</sup> August 2023. However, ERB in an email dated 26 <sup>th</sup> August 2023 raised comments on the submission requiring ZESCO attention. ZESCO submitted a revised performance report on 28 <sup>th</sup> September 2023. Management was still reviewing the revised submission as at end of September 2023. The KPI was completed and signed off with ZESCO on 28 <sup>th</sup> July 2023. Implementation is already underway. The mid-year report was prepared and submitted to the Board. Third Quarter Management Report was prepared and submitted to Management following an agreement to be taking bi-annual reports to the Board. The Draft Standard Connection Charge Guidelines were submitted to Management for consideration on 28 <sup>th</sup> March 2023. Internal and external stakeholder consultations were undertaken in April 2023.
8.	Develop and operationalise Guidelines for Standard Connection Charges	Draft Guidelines developed by 31 <sup>st</sup> March 2023 Stakeholder consultations by 28 <sup>th</sup> April 2023	100 100		0.5 0.5	0.5 0.5	

#	Strategy	Target	Self-Rating (0-100)	Approved Rating (0-100)	Weight (%)	Weighted Score (%)	Notes
		Board approval of the Guidelines by 30 <sup>th</sup> September 2023 Gazetting of the Guidelines by 30 <sup>th</sup> October 2023	100 0		0.5 0.5	0.5 0	The guidelines were approved during the 3 <sup>rd</sup> Regulatory Board meeting of 5 <sup>th</sup> September 2023 The guidelines were approved by the Board. However, they were not gazetted in the period under review
9.	Develop and implement MYTF	Draft MYTF regulations developed by 30 <sup>th</sup> June 2023 Stakeholder consultations on MYTF regulations by 30 <sup>th</sup> August 2023 Board approval of the regulations by 31 <sup>st</sup> October, 2023	100 100 0		1 0.5 0.5	1 0.5 0	The MYTF Regulations were developed in January 2023. Multi-year Tariff Pricing Framework data templates were approved by the Working Technical Committee/ERB on 6 <sup>th</sup> July 2023. Draft regulations and Multi-year Tariff Pricing Framework data templates were approved by the Working Technical Committee/ERB on 6 <sup>th</sup> July 2023. However, it was resolved that the MYTF did not require regulations but rules in order to allow for swift amendments.
10.	Develop and revise energy pricing frameworks, namely: <ul style="list-style-type: none"> <li>Biofuels</li> <li>LPG</li> </ul>	Draft Report on the proposed pricing framework by 31 <sup>st</sup> March 2023 Conduct a Biofuels Stakeholder workshop by 30 <sup>th</sup> April 2023 Final proposed Biofuels framework by 31 <sup>st</sup> May 2023 LPG Stakeholder consultation by 30 <sup>th</sup> April 2023 Approved LPG pricing framework by 31 <sup>st</sup> May 2023 Setting and monitoring of margins for LPG by 30 <sup>th</sup> June 2023	100 100 100 100 100 100		1 0.5 0.5 0.25 1 0.75	1 0.5 0.5 0.25 1 0.75	The draft report on the Biofuels Pricing Framework was prepared and conditionally approved by the board on 31 <sup>st</sup> March 2023. The Biofuels Stakeholder workshop was undertaken on 24 <sup>th</sup> February 2023. The Final Biofuels pricing framework was approved on 29 <sup>th</sup> May 2023. LPG Stakeholder consultation was undertaken from 15 <sup>th</sup> to 17 <sup>th</sup> March 2023. The LPG pricing framework was approved on 29 <sup>th</sup> May 2023. Implementation of the LPG framework commenced in June 2023.



#	Strategy	Target	Self-Rating (0-100)	Approved Rating (0-100)	Weight (%)	Weighted Score (%)	Notes
11.	Periodic Compliance monitoring of licensed enterprises' infrastructure, supply & product quality, and systems	<p>Average compliance to standards for electricity distribution infrastructure increased to 74% by 31 December 2023</p> <p>Average compliance to standards for petroleum infrastructure increased to 95% by 31 December 2023</p> <p>Average compliance of LPG infrastructure compliance to standards by 31 December 2023</p> <ul style="list-style-type: none"> <li>Retail = 65%</li> <li>Bulk = 88%</li> </ul> <p>Average compliance of 97% compliance for Fuel Marking samples by 31 December 2023</p> <p>Average compliance of petroleum to fuel quality standards increased to 98% by 31 December 2023</p> <p>Average compliance of electricity supply to quality standards increased to 75% by 31 December 2023</p>	100		1	1	<p>The consolidated electricity distribution infrastructure compliance for 2023 was 75.6%</p> <p>Infrastructure compliance for the year 2023 was 93%.</p> <p>Year to date compliance was as follows: Retail = 80% Bulk = 94%</p> <p>The overall confirmed compliance for Fuel Marking quarter three of 2023 was 99.28%. Thereafter, Fuel Marking was suspended in line with the circular dated 1<sup>st</sup> September 2023</p> <p>The average compliance for fuel quality was 97%,</p> <p>Power Quality compliance as at Q3 was 79%</p>

#	Strategy	Target	Self-Rating (0-100)	Approved Rating (0-100)	Weight (%)	Weighted Score (%)	Notes
12.	<p>Develop and review of standards and regulations:</p> <ul style="list-style-type: none"> <li>• Pipeline Regulations</li> <li>• Tribunal Regulations</li> <li>• Siting Regulations</li> <li>• Licensing Regulations</li> <li>• ZS 702</li> <li>• ZS 706</li> <li>• ZS 690</li> </ul>	<p>Development of Legal Framework for Third Party Access to Petroleum Pipeline by 31<sup>st</sup> January 2023</p> <p>Consultative Meeting on development of Legal Framework for Third Party Access to Petroleum Pipeline with key stakeholders by 28<sup>th</sup> February 2023</p> <p>Board approval of Third-Party Legal framework by 31<sup>st</sup> May 2023</p> <p>Finalisation and facilitation of endorsement by Chief Justice and publication of Tribunal regulations in the Gazette by 31<sup>st</sup> May 2023</p> <p>Development of draft Siting of Petroleum Infrastructure Regulations by 31<sup>st</sup> January 2023</p> <p>Board approval of draft Siting of Petroleum Infrastructure Regulations by 30<sup>th</sup> June 2023.</p> <p>Endorsement of amended Licensing regulations by Minister and publication in Gazette by 30<sup>th</sup> June 2023</p> <p>Draft ZS702 Standard developed by 30<sup>th</sup> June 2023</p>	100		0.5	0.5	The Legal Framework for Third Party Pipeline access was developed through a consultative workshop held from 25 <sup>th</sup> to 28 <sup>th</sup> January 2023.
			100		0.5	0.5	A consultative workshop with Ministry of Energy, TAZAMA Pipelines and Ministry of Justice was held from 25 <sup>th</sup> to 28 <sup>th</sup> January 2023.
			100		0.5	0.5	The ERB developed a draft framework following a directive from the Ministry of Energy in January 2023. The framework was submitted on 17 <sup>th</sup> February 2023 before consideration by the Board due to the urgent nature of the directive. However, a consultative meeting on the same was held with the Board Chairperson and Permanent Secretary on 22 <sup>nd</sup> March 2023.
			100		0.5	0.5	Tribunal regulations were gazetted on 24 <sup>th</sup> February 2023 following endorsement by the Chief Justice on 14 <sup>th</sup> February 2023.
			100		0.5	0.5	The Draft Petroleum Siting Guidelines were developed through a consultative workshop held from 25 <sup>th</sup> to 28 <sup>th</sup> January 2023.
			100		0.5	0.5	The Siting Regulations were approved by the board on 29 <sup>th</sup> May 2023
			N/A		N/A	N/A	The target was waived from the framework following resolution of the 3 <sup>rd</sup> Administrative Board meeting
			100		0.5	0.5	The draft standard was developed and circulated for public comments in June 2023.

#	Strategy	Target	Self-Rating (0-100)	Approved Rating (0-100)	Weight (%)	Weighted Score (%)	Notes
		Draft ZS706 Standard developed by 30 <sup>th</sup> June 2023	100		0.5	0.5	The draft standard was developed and circulated for public comments in June 2023.
		Draft ZS690 Standard developed by 31 <sup>st</sup> May 2023	100		0.5	0.5	The draft standard was developed and circulated for public comments in May 2023.
		Draft ZS397 standard developed by 31 <sup>st</sup> August 2023	0		0.50	0	The revision of the Standard was undertaken between the 5 <sup>th</sup> and 8 <sup>th</sup> Sept 2023.
		ZS702 Stakeholder consultation and public comments incorporated by 31 <sup>st</sup> August 2023	0		0.25	0	Received comments on the development of Bioethanol and Biodiesel Blending standard from stakeholders. Scheduled TC meeting for comments incorporation to be held on 19 <sup>th</sup> and 20 <sup>th</sup> October 2023.
		ZS708 Stakeholder consultation and public comments incorporated by 31 <sup>st</sup> August 2023	0		0.25	0	Received comments on the development of Bioethanol and Biodiesel Blending standard from stakeholders. TC meeting for comment incorporation was held on 19 <sup>th</sup> and 20 <sup>th</sup> October 2023.
		ZS690 Stakeholder consultation and public comments incorporated by 31 <sup>st</sup> August 2023	100		0.25	0.25	Stakeholder consultation was undertaken in May 2023 after which public comments were incorporated in August 2023.
		ZS691 Draft standard developed by 31 <sup>st</sup> July 2023	100		0.50	0.5	The standard was developed by 31 <sup>st</sup> July 2023
		ZS397 Stakeholder consultation and public comments incorporated By 31 <sup>st</sup> October 2023	100		0.25	0.25	Stakeholder consultation and public comments period was from 28 <sup>th</sup> September 2023 to 20 <sup>th</sup> October 2023. Stakeholders and public comments were received, reviewed, and incorporated during the meeting held from 26 <sup>th</sup> to 27 <sup>th</sup> October 2023
		ZS397 Board approval of standards by 31 <sup>st</sup> December 2023	100		0.25	0.25	The draft revised Standard DZS 397: 2023 was approved in December 2023
		ZS702 Board approval of standards by 30 <sup>th</sup> November 2023	0		0.25	0	A Board paper has been drafted and will be presented in the next Board meetings

#	Strategy	Target	Self-Rating (0-100)	Approved Rating (0-100)	Weight (%)	Weighted Score (%)	Notes
		ZS708 (706) Board approval of standards by 30 <sup>th</sup> November 2023	0		0.25	0	A Board paper has been drafted and will be presented in the next Board meetings
		ZS690 Board approval of standards by 30 <sup>th</sup> November 2023	100		0.25	0.25	The final draft standard was submitted to Management on 9 <sup>th</sup> October 2023 for the information of the Board
		ZS691 Stakeholder consultation and public comments by 30 <sup>th</sup> November, 2023	100		0.25	0.25	Stakeholder consultation and public comments period was from 19 <sup>th</sup> October 2023 to 22 <sup>nd</sup> November 2023. Stakeholders and public comments were received, reviewed, and incorporated during the meeting held from 23 <sup>rd</sup> to 24 <sup>th</sup> November 2023
		ZS691 Board approval of standards by 31 <sup>st</sup> December 2023	100		0.25	0.25	The draft revised Standard DZS 691 was approved in December 2023.
13.	Revise and implement the Enforcement Manual (inclusion of administrative and compounded fines)	Revision of manual to include administrative and compounded fines by 31 <sup>st</sup> March 2023	100		1	1	The Revised Enforcement Manual was approved on 31 <sup>st</sup> March 2023.
<b>Pillar 3: People and Culture</b>							
14.	Staff Capacity Building	Perform a Training Needs Assessment by 28 <sup>th</sup> February 2023	0		1	0	The Training Needs Assessment was conducted in March 2023. February 28 was missed due to the Organisation Structure Review with MDD and Union Negotiations
		Approved training strategy by 31 <sup>st</sup> March 2023	0		1	0	The 2023 Training Strategy was approved on 11 <sup>th</sup> July 2023.
		90% of staff trained as per 2023 Training Plan by 31 <sup>st</sup> December 2023	96		1	0.96	107 staff trained out of 125 were trained translating into 86% of staff trained

#	Strategy	Target	Self-Rating (0-100)	Approved Rating (0-100)	Weight (%)	Weighted Score (%)	Notes
		100% of training programmes conducted as per 2023 Training plan	72		1	0.72	72% of training programmes were conducted as per 2023 training plan. 13 programs out of 18 were conducted. The target was not met because there was a Challenge in securing specialized providers for some training programmes in Change Management, Organisational, Conflict resolution due to low budget assigned for consultancy. Kafue Gorge did not run the planned Power Purchase training.
15.	Develop Succession Planning Framework	Identification of critical leadership positions by 31 <sup>st</sup> May 2023	100		0.5	0.5	The process of identification of critical leadership positions was concluded by 31 <sup>st</sup> May 2023.
		Identification of Leadership programs by 30 <sup>th</sup> June 2023	100		0.5	0.5	Leadership programs identified as part of the 2023 training plan
		Management Approved Succession Strategy by 30 <sup>th</sup> June 2023	100		1	1	The strategy was approved by management on 21 <sup>st</sup> June 2023.
16.	Develop and implement a culture transformation program	Identification of cultural change opportunities by 28 <sup>th</sup> February 2023	0		0.5	0	Cultural change opportunities were identified and submitted to Management on 29 <sup>th</sup> March 2023.
		Management approved culture transformation program by 31 <sup>st</sup> March 2023	100		0.5	0.5	The Culture Transformation program was approved by management on 4 <sup>th</sup> April 2023.
		Implementation of programme by 31 <sup>st</sup> May 2023	100		1	1	The implementation of the programme began with nomination of change champions by 10 <sup>th</sup> May 2023.
17.	Review of the Organisational structure	Joint review of Establishment with MDD by 28 <sup>th</sup> February 2023	100		1	1	A joint structural review exercise was held with MDD from 6 <sup>th</sup> to 17 <sup>th</sup> February 2023.
		Board approved Organisational structure and road map for implementation by 31 <sup>st</sup> March 2023	100		1	1	The Board approved the organisational structure and roadmap on 31 <sup>st</sup> March 2023.

#	Strategy	Target	Self-Rating (0-100)	Approved Rating (0-100)	Weight (%)	Weighted Score (%)	Notes
<b>Pillar 4: Financial Sustainability</b>							
18.	Development of an integrated donor funding strategy	Integrated strategy for attracting donor funding developed by 31 <sup>st</sup> March 2023	0		1	0	The integrated strategy for attracting donor funding was developed in June 2023.
19.	Increase nontax revenue collection	Two solicitation papers presented to Cooperating Partners for funding by 31 <sup>st</sup> July 2023	100		1	1	Two Solicitation papers were presented to the World Bank and African Development Bank by 31 <sup>st</sup> July 2023
		Collection of Q1 Parliament target of K102,944,041.65	100		1.5	1.5	A total of K108,235,194.24 was collected against the target, thus exceeding the performance threshold by 5% as of 31 <sup>st</sup> March 2023.
		Collection of Q2 Parliament target of K120,705,886.72 by 30 <sup>th</sup> June 2023	87.2%		1.5	1.31	A total of K105,304,238 was collected against the target, thus below the performance threshold by 13% as of 30 <sup>th</sup> June 2023 <sup>6</sup> .
		Collection of Q3 Parliament target of K124,801,175.23	100%		1.5	1.5	A total of K152,912,085 was collected against the target of K124,801,175.23 by 30 <sup>th</sup> September 2023
20.	Manage Fuel Quality and Monitoring Program	Collection of Q4 Parliament target of K114,371,705.39	100%		1.5	1.5	A total of K128,133,172 was collected against the target of K114,371,705.39 by 31 <sup>st</sup> December 2023
		1.7 billion litres marked by 31 <sup>st</sup> December 2023	100%		2.0	2.0	1.3 billion litres were marked by August 2023 when Fuel Marking was suspended. To meet the target of 1.7 billion, an average of 141 million litres needed to be marked per month. In this regard, to meet the target 1.1 billion litres needed to be marked by August 2023. As of August 2023, the August target had been exceeded.

#	Strategy	Target	Self-Rating (0-100)	Approved Rating (0-100)	Weight (%)	Weighted Score (%)	Notes
21	Implementation of approved Energy Fund regulations for collection of fees by the ERB	Energy Fund SI signed by the Minister by 30 <sup>th</sup> June 2023	N/A		N/A	N/A	This activity was waived from the KPI Framework by resolution of the 3 <sup>rd</sup> Administrative Board meeting.
<b>ROUTINE SERVICE LEVEL DELIVERABLES ASSESSED AGAINST SERVICE LEVEL AGREEMENTS (Weight= 25%)</b>							
21.	Issuance of licenses in the energy sector	60 calendar days for standard licence	24%		5	1.20	One Hundred and Seventy-Nine (179) initial licence applications were due for issuance by 31st December 2023. In this regard, 175 standard licences and 4 provisional licences were issued. Based on the 175 standard licences issued, the average the processing time for a new standard licence was 74 days. Notably, 43 out of the 179 applications due for issuance were issued within the stipulated service level of 60 days. However, a further 34 applications received during the period were pending completion of licence processing as at the end of the year.
		30 calendar days for renewal	5.2%		3	0.16	Seventy-Seven (77) renewal applications were due for issuance by 31 <sup>st</sup> December 2023. In this regard, 64 standard licences and 13 provisional licences were issued. Based on the 64 standard licences issued, the average processing time was 76 days. Notably, 4 out of the 77 applications due for issuance were issued within the stipulated service level of 30 days. However, a further 5 applications received during the period were pending completion of licence processing as at the end of the year.

#	Strategy	Target	Self-Rating (0-100)	Approved Rating (0-100)	Weight (%)	Weighted Score (%)	Notes
		20 calendar days for construction permit	23.9%		2	0.48	Ninety-Two (92) construction permit applications were due for issuance by 31 <sup>st</sup> December 2023. In this regard, all 95 were issued in an average of 32 days. Notably, 22 out of the 92 permits due for issuance were issued within the stipulated service level of 20 days. No applications received during the period were pending completion of licence processing as at the end of the year.
22.	Determination of energy prices and tariffs	All Tariff Decisions within 90 days	100%		5	5	The NWEK application which was duly lodged on 2 <sup>nd</sup> March was determined in 90 days on 30 <sup>th</sup> May 2023.
23.	Review of PPAs and PSAs	30 calendar days for PPAs and PSAs	42.30		5	2.12	A total of 39 Power Purchase Agreements (PPAs) were received between 1 <sup>st</sup> January and 31 <sup>st</sup> December 2023. Out of this total, 28 were due for completion of processing, while 7 PPAs were waived pending submission of further information from the applicants. Further, 4 PPAs received in late December were excluded from the assessment as the 30-day processing period had not yet elapsed. In this regard, 28 PPAs were considered for this assessment. A total of 26 PPAs were processed in an average of 30 days. However, 2 PPAs were pending completion of processing as of 31 <sup>st</sup> December 2023. Notably, 11 of the 28 PPAs were processed within the stipulated timeframe.
24.	Determination of consumer complaints	30 working days for consumer complaints	92.51%		5	4.63	A total of 482 complaints out of 521 were determined during the period 1 <sup>st</sup> January to 31 <sup>st</sup> December 2023. Out of this total 482 complaints were determined in an average of 4 days, Notably, 92.51% of the total complaints were determined as per SLA (see Appendix 12).
	<b>TOTAL</b>					<b>75.18%</b>	





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