



ERB CHAIRMAN'S STATEMENT ON THE BULK SUPPLY AGREEMENT BETWEEN ZESCO AND CEC PLC

The Energy Regulation Board (ERB) notes the statements recently issued by the Chairpersons of the Boards of Directors of both ZESCO and CEC Plc in respect of the bulk supply agreement (BSA) recently concluded between their two organizations and approved by the ERB. The agreement, which is for the supply of 380 MW of electrical power, came into effect on 1st April 2022 and is for a period of 13years expiring in 2035.

The ERB has the legal mandate and responsibility to regulate the energy sector and to promote and facilitate the growth of the industry in accordance with the national energy policy. Agreements such as the BSA are an example of collaboration among industry players which provide mutual benefits to the players as well as enhanced service provision to consumers. As the open access system develops within the Zambian electricity supply industry, agreements such as the BSA will become commonplace.

As part of it's continuing engagement with stakeholders, ERB held a parliamentarians forum on 27th June 2022. Parliamentarians were provided with information about the functions of the ERB and about the regulatory principles and procedures followed in setting energy prices. One of the issues that emerged as being of primary concern to the people's elected representatives was the substance and specific content of the BSA with particular attention to the widely held misconception that the agreement is unfavourable to ZESCO.

The statements by the Chairpersons, here reproduced for ease of reference, have made public all of the relevant details contained in the BSA. As Chairman of ERB, I wish to commend the two Chairmen and their respective boards and managements for their decisions to be open and transparent to the public and their customers about the content of the BSA.

As the open access market regime evolves in Zambia, agreements between market participants will become commonplace and the general public and electricity consumers will need to get comfortable that such agreements are freely negotiated and work for

the benefit of all stakeholders. The form and manner of these agreements will generally follow the tone set by ZESCO and CEC Plc being the two largest players in the sector as well as the market leaders.

As regulator, ERB will continue to support and facilitate mutually beneficial collaboration between licence holders for the growth and development of the industry and for the benefit of the Zambian people.

Reynolds C Bowa

Chairman – Energy Regulation Board