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ABOUT ZERA



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The Zimbabwe Energy Regulatory Authority (ZERA) is a body corporate established in terms of the Energy Regulatory Authority Act [Chapter 13:23] of 2011.

The Act mandates ZERA to regulate the procurement, production, transportation, transmission, distribution, importation and exportation of energy derived from any energy source.

ZERA is also responsible for licensing of all electricity and petroleum companies as provided for in the Energy Regulatory Authority Act [Chapter 13:23] of 2011 read together with the Electricity Act No. 4 of 2002 [Chapter 13:19], the Petroleum Act [Chapter 13:22] of 2006 and subsequent amendments.

Vision

The Regulator that promotes universal access to sustainable energy by 2030

Mission

ZERA regulates the Zimbabwean energy market cost effectively, through incentive regulation and in a fair and transparent manner to achieve sustainable energy

Values

- Accountability - Reporting and answerable for all ZERA actions and decisions
- Innovation - Creativity that adds value
- Integrity - Strong ethical and moral principles
- Responsiveness - Turn around time to deliver
- Team work - Collaboration
- Transparency - Open, honest and straight-forward regulation

Strategic Objectives

- To ensure security of supply
- To encourage energy efficiency both at utility and consumer levels
- To encourage use of renewable energy and environmental protection

- To create an effective authority that realises its mandate and mission

ZERA MANDATE

As outlined in the Energy Regulatory Authority Act [Chapter 13:23] of 2011 and other ancillary instruments, ZERA serves the nation through continuously striving to achieve the following Key Result Areas:

Increase Access and Security of Supply

- To promote the procurement , production, transportation, transmission and distribution of energy in accordance with public demand and recognized international standards;
- To ensure the maximization of access to energy by consumers that is affordable and environmentally sustainable and;
- To promote coordination and integration in the importation, exportation and pooling of energy from any source in the SADC and COMESA region.

Regulation and Licensing

- To regulate the procurement, production, transportation, transmission, distribution, importation and exportation of energy derived from any energy source;
- To exercise licensing and regulatory functions in respect to the energy industry;
- To ensure that prices charged by licensees are fair to consumers in the light of the need for prices to be sufficient to allow licensees to finance their activities and obtain reasonable earnings for their efficient operation and;
- To establish or approve operating codes for safety, security, reliability, quality standards and any other sector related codes and standards for the energy industry or any sector thereof.

Energy Efficiency and the Environmental Protection

- To advise and educate consumers and licensees regarding the efficient use of energy and;

- To assess, promote studies of and advise the Minister and licensees on the environmental impact of energy projects before licensing.

Market Reform and Competition

- To maintain and promote effective competition within the energy industry and;
- To create, promote and preserve an efficient energy industry market for the provision of sufficient energy for domestic and industrial use.

Research and Development

- To promote, identify and encourage the employment and development of sources of renewable energy;
- To undertake such other things which it considers is necessary or convenient for the better carrying out of or giving effect to the functions of the Authority and;
- To promote and encourage the expansion of the energy industry and the advancement of technology relating thereto.



Key Stakeholder Advisory

- To advise the minister on all matters relating to the energy industry;
- To establish appropriate consumer rights and obligations regarding the provision of energy services;
- To arbitrate and mediate disputes among and between licensees and consumers and;
- To represent Zimbabwe internationally in matters relating to the energy industry.

KEY OUTCOMES:

- **Outcome 1:** Improved institutional capacity
- **Outcome 2:** Increased regulatory compliance
- **Outcome 3:** Enhanced cost reflectivity of energy prices
- **Outcome 4:** Improved uptake of modern energy and technological innovations
- **Outcome 5:** Increased energy efficiency
- **Outcome 6:** Improved stakeholder satisfaction



REGULATED SECTORS

Electricity Sub-Sector

The electricity supply industry (ESI) is dominated by government owned power entities, namely the Zimbabwe Power Company (ZPC) and the Zimbabwe Electricity Transmission and Distribution Company (ZETDC).

ZPC constructs, owns, operates and maintains power generation stations for the supply of electricity. It currently maintains four coal fired stations which are Hwange, Bulawayo, Munyati and Harare thermal stations, and one hydro power station, Kariba South Power Station.

ZETDC carries out the system/network operator function. It is responsible for transmission of electricity from power stations, the distribution of electricity as well as its retailing to the end users. ZETDC also conducts trade at regional level through the Southern African Power Pool (SAPP).

There are some Independent Power Producers (IPPs) that play a critical role in addressing the future electricity needs of the country. IPPs were introduced in Zimbabwe's electricity industry to overcome Government's inability to continue financing major investments. The objectives of introducing IPPs were not limited to relieving financial constraints but also included gaining access to modern technology and skills thereby achieving ongoing efficiency benefits. IPPs introduce generation technologies that state-owned utilities may not consider part of its core function which may play a vital role in the future electricity supply options, in particular off-grid, distributed generation, co-generation and small-scale renewable projects. The introduction of IPPs has multiple benefits. It will contribute greatly to the diversification of both the supply and nature of

energy production, assist in the introduction of new skills and capital into the industry, and enable the benchmarking of performance and pricing.

Who Is Regulated

ZERA regulates any person or private companies that operate an electricity undertaking which generates, transmit, distributes, or retails electricity for commercial purposes in excess of 100kilowatts (kW).

How Are They Regulated?

ZERA issues the following licences subject to applicants satisfying the terms and conditions spelt out in the relevant Acts:

I. Generation licence authorises the licensee to construct, own, operate and maintain a generation station for purposes of the generation and supply of electricity to any transmission, distribution or supply licensee who purchases electricity for resale to consumers.

A holder of a generation licence includes a generating company outside Zimbabwe that is entitled under an arrangement approved by the Authority to sell power to Zimbabwean licensees or consumers.

II. Transmission and bulk supply licences authorises the licensee to carry out grid construction, operation, and maintenance of transmission facilities within Zimbabwe; and to carry out the operation of an electric power network.

III. Distribution and retail supply licences authorises licensee to construct, operate and maintain a distribution system and facilities including the connection of customers for the



purpose of receiving a supply of electricity; the installation, maintenance and reading of meters, billing and collection.

Validity of License

All licences are valid for a period of up to a maximum of thirty (30) years subject to satisfying periodic audits conducted by ZERA.

Regulatory Services

- Technical audits
- Tariff setting
- Research and Development
- Investment promotion
- Maintenance of register of licensees
- Promotion and awareness raising of energy efficiency and renewable energy technologies
- Light handed regulation on power projects less than 100Kw

Petroleum Sub-Sector

ZERA regulates the sector through licensing audits, monitoring of prices, setting standards

and specifications; fuel quality audits and compliance audits. The petroleum sub-sector in Zimbabwe comprises of private and state owned companies. The prices of fuels are market driven but monitored through a pricing formula that takes into account all the associated costs.

Who Is Regulated

ZERA regulates any persons or private companies involved in the production, procurement, distribution, transportation and retailing of the following fuel products for commercial purposes in Zimbabwe:

- Petrol
- Diesel
- Paraffin
- Denatured ethanol and ethanol blends
- Liquefied Petroleum Gas
- Jet A1

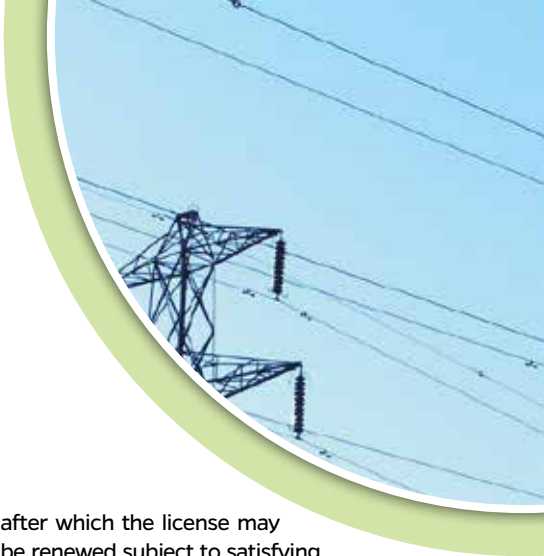
How Are They Regulated?

ZERA issues the following types of licences subject to applicants satisfying the terms and conditions:

- I. Production licence authorises the licensee to construct, own, operate and maintain facilities for the production of petroleum products, including blending with ethanol.
- II. Procurement licence authorises the licensee to purchase fuel for the purpose of reselling it in bulk to one or more licensees.
- III. Wholesale licence authorises the licensee to purchase bulk petroleum products from any procurement licensee and production licensee
- IV. Retail licence authorises the licensee to supply petroleum products to customers

Validity of Licenses

All licenses are valid for a period of one (1) year



after which the license may be renewed subject to satisfying periodic audits conducted by ZERA except for the Ethanol Production licenses which is valid for 20 years from the initial licenses.

Regulatory Services

ZERA undertakes the following services in the petroleum industry:

- Infrastructure audits
- Fuel quality monitoring
- Price surveillance
- Licensing audits
- Training and demonstrations on safe use of products among operators and consumers
- Setting standards and continuous improvements
- Investment promotion

STAKEHOLDER ENGAGEMENT

ZERA conducts periodic engagements on energy related issues with various stakeholders who include domestic consumers, farmers, industry, mining, commerce, policy makers, media and licensees. The engagements, which are in line with the Public Entities and Corporate Governance Act of 2018, present opportunities to keep the stakeholders apprised on developments in the energy sector.

ZERA provides a mediation and arbitration role, if necessary, in energy related complaints and disputes between licensees and consumers and between licensees.



CORPORATE SOCIAL INVESTMENT

As a responsible corporate citizen, ZERA invests in sustainable energy related programs that have environmental, social and economic impact among underprivileged communities.

ZERA also values the development of human capital in the engineering sector. It supports students undertaking energy related academic programs at different tertiary institutions.

RESEARCH & DEVELOPMENT

Energy sector is evolving and ZERA values all strands of research and development in all the sub-sectors as part of a broad approach to address current and future trends.

ZERA values partnerships with research oriented institutions and individuals in undertaking various industry related, energy supply and demand side researches and innovations for the

betterment of the economy.

ZERA's research and development programs and projects are in synch with national, regional and international development goals and trajectory.



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For sustainable energy