



ZWS ISO 9001:2015 QMS CERTIFICATION

2019 ANNUAL REPORT

A Hallmark of Excellent Service Delivery

About Us

The Zimbabwe Energy Regulatory Authority (ZERA) is a statutory body established by 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 [Chapter 13:19] of 2002, the Petroleum Act [Chapter 13:22] of 2006 and subsequent amendments.

Vision

To be the Regulator that promotes universal access to sustainable energy by 2030.

Mission

To provide a level playing field for safe, reliable and sustainable energy supply through effective regulation.

Regulatory Principles

- **Accountability** - Responsibility for results
- **Fairness** - Love for equity
- **Independence** - Making decisions consistent with the mandate
- **Transparency** - Openness in communication

Values

- **Commitment** - The Authority's dedication to quality service
- **Ubuntu** - Upholding essential human virtues; compassion and humanity
- **Responsiveness** - Turnaround time to deliver
- **Innovation** - The creation of sustainable methods of service delivery
- **Team work** - Collaboration





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Abbreviations and Acronyms

AfDB	African Development Bank
AFUR	Africa Forum for Utility Regulators
CCZ	Consumer Council of Zimbabwe
COMESA	Common Market for Eastern and Southern Africa
CSR	Corporate Social Responsibility
CZI	Confederation of Zimbabwe Industries
DAM	Day Ahead Market
DCRP	Distribution Code Review Panel
EE	Energy Efficiency
ESI	Electricity Supply Industry
EV	Electric Vehicle
FOB	Free on Board
GWh	Gigawatt per Hour
HCB	Hidroeléctrica de Cahora Bassa
IPP	Independent Power Producer
IRENA	International Renewable Energy Agency
KvA	Kilo volt Ampere
Kw	Kilo watt
LPG	Liquefied Petroleum Gas
MEPS	Minimum Energy Performance Standard
MERA	Malawi Energy Regulatory Authority
MOEPD	Ministry of Energy and Power Development
MW	Mega Watt
NAMACO	National Manpower Advisory Council
NIERP	National Integrated Energy Resource Plan
OEM	Original Equipment Manufacturers
PECOGA	Public Entities Corporate Government Act
PRAZ	Procurement Regulatory Authority of Zimbabwe
RAERESA	Regional Association of Energy Regulators of East and Southern Africa
RE	Renewable Energy
REAZ	Renewable Energy Association of Zimbabwe
REF	Rural Electrification Fund
RERA	Regional Electricity Regulators Association of Southern Africa
RPC	Renewable Purchase Obligations
SADC	Southern Africa Development Community
SAIDI	System Average Interruption Duration Index
SAPS	Southern Africa Power Pool
SAZ	Standard Association of Zimbabwe
SIDA	Swedish International Development Agency
TSP	Transitional Stabilization Plan
ZERA	Zimbabwe Energy Regulatory Authority
ZESA	Zimbabwe Electricity Supply Authority
ZESCO	Zambia Electricity Supply Company
ZETDC	Zimbabwe Electricity Transmission and Distribution Company
ZIMRA	Zimbabwe Revenue Authority
ZPC	Zimbabwe Power Company



1. Chairperson's Foreword

Dr. E. Khosa
Board Chairperson



1.1. Introduction

It is a great honour to present the Zimbabwe Energy Regulatory Authority's (ZERA) 2019 Annual Report. The year under review was characterised by natural and economic challenges which affected the pace of development of energy projects, particularly in the electricity sub-sector. The petroleum subsector endured a series of challenges which resulted in the country having intermittent supply of the product. Nonetheless, some positive developments were noted in the renewable energy area thereby giving hope of a sustainable and clean energy supply.

1.2. Macroeconomic Overview

The country was hit by Cyclone Idai induced rains which caused massive destruction to lives; property; infrastructure and sources of livelihood in the eastern part of the country. The energy sector was not spared. An independent mini - hydro power producer plant in Chipinge was damaged as well as a community owned micro - hydro power plant in Chimanimani. By the end of the year, efforts were still underway to repair the damaged power generation plants.

While incessant rains fell in the eastern part of the country, paradoxically, the water inflows in Lake Kariba hit an all-time low, resulting in curtailed power generation thereby greatly affecting power supply in the country. The situation was further exacerbated by intermittent breakdowns of some units at Hwange Power Station, against the backdrop of foreign currency shortages, compelling the country to rely on limited imports and load shedding as mitigation measures. The acute shortage of foreign currency also resulted in subdued supply of petroleum as the country is a net importer of fuel.

The multicurrency regime was abolished during the year and the Zimbabwe dollar adopted as the sole legal tender. At the same time, the Reserve Bank of Zimbabwe (RBZ) in February 2019 introduced a controlled market for foreign currency trading starting

at US\$1 to ZWL2.5. By the close of the year, however, the US\$ was equal to ZWL17.32, marking a significant loss of value.

Notwithstanding the foregoing challenges, the Authority discharged its mandate as set in the Energy Regulatory Authority Act and in conformance with the Public Entities and Corporate Governance Act (PECOGA) among other legal instruments. The Authority's 2019 programs and activities were informed by the imperative to set in motion a firm and robust foundation for a sustained energy supply as the country glides towards an upper middle-income state by 2030.

1.3. Energy Market

The supply of electricity to consumers remained mostly constrained throughout the year due to the low water levels in Lake Kariba. The Hwange thermal power station's performance remained depressed due to a number of challenges including frequent plant breakdowns, constraints in coal and diesel supply. Regional suppliers that normally fill in the supply gap were constrained due to their own internal challenges.

The independent power producers, who are mainly vested in renewable energy, continued to play a significant role though their contribution still needs to be promoted and nurtured further. The tariff, which started off the year at US\$9.86/kWh, was seriously eroded by the devaluation of the local currency and inflation. The deterioration of the tariff necessitated adjustments in August and October 2019. The October 2019 adjustment which increased the tariff to US\$10.53/kWh, maintained lifeline tariffs for consumption below 50 kWh at a level of US\$2.7/kWh.

In the petroleum sub-sector, the major constraint was the inability to satisfy demand due to foreign currency constraints. The shortages manifested through emergence of fuel queues in most of the major towns and cities. Government, through the RBZ, continued to

support the sector through various financing facilities, one of which was approval for foreign currency earning customers to utilise their own free funds to procure fuel for their own use through the licensed oil marketing companies.

The Transitional Stabilisation Program (TSP) of October 2018 to December 2020 served as the country's national compass on its socio-economic development trajectory and in that regard, energy is cited as a key enabler in the transition of the economy. Government therefore continued to promote the energy sector through a number of initiatives that included the fuel blending program and promotion of the development of solar projects.

The country's energy remains unsatisfied with over 60% of the country's population still relying on solid biomass for fuel, presenting a market for potential investors in the electricity sub-sector in the country. Renewable energy remains largely untapped. However, development of distributed power projects has commenced as opposed to grid extension as a way of quickening rural development.

1.4. Electricity Regulation

The Authority approved a total of 24 licenses with a total capacity of 724.9 MW during the year. Solar PV was the most common technology in the new applications. The approval of the Renewable Energy Policy is set to unlock numerous potential and incentives in the energy sector. Distributed power generation was cited as one quick option which can accelerate access to electricity in communities. The Authority is hopeful that the National Integrated Energy Resource Plan, to be finalised soon, will be a key pillar for the development of the energy sector. New areas to be further explored include geothermal energy to augment Zimbabwe's energy mix.

The new tariff system introduced in October 2019 includes an indexation formula which provides a trigger mechanism for monthly tariff reviews based on changes in local inflation and exchange rate movements. The need to collect all revenues due, however, remains an important element in the financial performance of the power utility, ZETDC.

1.5. Petroleum Regulation

While the Authority issued 130 importers' licenses to procurement companies, availability of foreign currency was a major challenge. Operating of fuel sites became a major challenge as downtime was high against increasing overheads and administrative costs. The Authority continued to review the operating margins of the petroleum sector operators as a way of ensuring viability. In the fuel pricing template, introduced through SI 270 of 2019 Petroleum (Petroleum Products Pricing) Regulations, operating margins were changed from absolute figures to a percentage of handover costs. In December 2019, the Authority introduced a monthly fuel pricing approach

as opposed to a weekly pricing regime. The new regime, commonly known as M-1, considers the previous month's prices in determining the current prices. This was meant to bring about stability on pricing.

The Authority continued to enforce compliance in the petroleum sector through continued surveillance of the market to check fuel quality, pricing compliance and standards. The country achieved an average of 18% ethanol blending ratio throughout the country the highest since blending was introduced in 2013. The entrance of a second producer of ethanol improved the supply throughout the year. The approval of the Biofuels Energy Policy is set to increase production of cleaner fuels such as biodiesel in the country.

1.6. Corporate Governance

The Board convened meetings and deliberated on key issues in accordance with the PECOGA and relevant statutes. The conditions of services for Board members were reviewed during the year to align them with the PECOGA. Four Board Meetings were held in compliance with the law. Eight special Board Meetings were convened to deliberate on key and urgent issues of strategic importance. Board training on corporate governance, including Risk Management, was conducted during the year as part of enhancing their oversight role.

Under the guidance of the Acting Chief Executive Officer, the Authority's performance index was 87%, surpassing the set target of 75% for the year under review. The position of the CEO was advertised during the year in line with PECOGA and interviews were held. The finalisation of the engagement process was still ongoing by the end of the year.

1.7. Stakeholder Engagement

Engagement with key stakeholders took place during the year as part of keeping them abreast with the developments in the sector. A visit to some of the licensed projects in Gwanda (Matabeleland South) was undertaken as part of appreciating developments on the ground. The Mashaba community-led off grid solar project in Gwanda was lauded as having the potential to facilitate socio-economic development in rural communities. Several engagements with the parliamentary portfolio committee of legislators on energy were held as part of keeping policy makers abreast with prevailing events. Energy awareness was also promoted during various provincial agricultural shows; trade shows; digital media platforms as well as through community engagements.

1.8. Finance and Administration

The Authority relied on levies and licenses for its operations during the year. The high inflation rate experienced during the year affected the Authority's cost structures and planned operations. One of the biggest projects to be affected was construction of the ZERA Head Office



Building whose completion was delayed. Other planned engagements were cancelled or deferred in light of spiralling costs.

1.9. Way forward

It emerged during the year that the issue of renewable energy was central in defining the future of energy supply in the country. To this end, efforts will be made to ensure distributed solar sites are promoted in the coming years. The government's thrust to attain an upper middle income status by 2030 has to start with a strong base of increasing access to energy supply. With enough, affordable and reliable energy supply, the youth and women can unleash their innovative ideas and full potential which can transform lives.

1.10. Appreciation

Let me take this opportunity to convey my sincere gratitude to the Honourable Advocate F Chasi, Minister of Energy and Power Development; Honourable M Mudyiwa, Deputy Minister; Permanent Secretary Dr. G.S Magombo and senior officials in the Ministry of Energy and Power Development for their unwavering support during the year. I also wish to profusely thank stakeholders, licensees and consumers for their usual support and cooperation. Lastly, allow me to thank my fellow Board Members, Management and staff for their undoubted commitment to serve the nation's energy sector.

Dr. E. Khosa

Board Chairperson

ZIMBABWE ENERGY REGULATORY AUTHORITY

1.2

Chief Executive Officer's Overview

Mr. E. T. Mazambani
Acting Chief Executive Officer



1.2.1. Overview

The centrality of energy across the economic and social spheres resulted in the sector dominating the various discourses during the year. Long hours of load shedding due to suppressed power generation in the country affected the productivity of industry, commerce and domestic consumers in many ways. In addition, long queues of vehicles at fuel retail sites depicted the gravity of fuel shortages experienced during the year. Depressed electricity and petroleum supplies were largely due to foreign currency challenges.

In response to fuel challenges, radical measures were taken to improve supplies. These include criminalising the hoarding of fuel for resale as well as increased monitoring and surveillance of the industry. There was a significant increase in the uptake of solar energy and LPG by industry, commerce and domestic consumers as these proved more reliable than grid supplied electricity. Throughout these challenges, the Authority remained committed to ensuring a level playing field and sustainable energy provision to all consumers.

1.2.2. Electricity Sub-Sector

Depressed electricity supplies were experienced from Kariba Hydro Power Station due to low water levels in the dam. This led to the plant recording a historic decline of energy delivered to the grid by almost 15%. The country supplied 8,719 GWh in 2019 against 10,178 GWh in 2018. Nonetheless, Kariba Power Station remained the anchor supplier, contributing 45% of the power needs with Hwange Power Station supplying 34%, imports being 18%, small thermals at 2% and IPPs 1%. In view of the foregoing, ZPC missed the capacity threshold as set by ZERA by 20%.

Independent Power Producers' (IPPs) slow traction towards commissioning remains a challenge. There are 29 licensed power projects that are at Stage One which consists of concept, feasibility and technical development studies. These projects have a combined capacity of 4, 298.5 MW. Nine projects are under

construction (Stage Four has a total capacity of 706.44MW). Note that this includes the state owned 600MW Hwange Power Station Expansion project.

By end of the year, 19 power projects were operational and generating a combined 434 MW. This is against a total of 72 power projects that were licensed by 2019 with a total capacity of 8, 004.67MW. There is no doubt that if 50% of the licensed projects were to be commissioned, the country will be energy secure. The recurrent reasons cited by IPPs include financing cost and the creditworthiness rating of the utility who is the bulk purchaser of power. The Authority commenced the process of going full scale on competitive bidding in the coming year in line with the National Renewable Energy Policy.

During the year, mining and industrial sectors were the major consumers of electricity at 47% followed by commerce and agriculture at 27% and domestic consumers at 26%. The need to continue lobbying for energy efficiency is compelling as significant energy can be saved.

There was a commendable decrease in terms of industry related accidents during the year. In 2019, a total of 50 electrical accidents were recorded compared to 70 recorded in 2018. Thirty of these accidents were fatal and involved the public, whilst one fatal accident included a member of the utility's staff. The Authority increased monitoring, surveillance, and enforcement of the Public Safety Regulations.

The country participated in the Global Capacity Development Program on Renewable Energy. Other countries in the ongoing study are Mozambique, Kenya, Zambia, Tanzania and Ethiopia. It emerged that Zimbabwe's uptake of renewable energy and energy efficiency was far below the expected levels. An action plan was drawn and will be rolled out as part of increasing awareness.



The program to identify, raise awareness and seize inefficient lighting products such as incandescent bulbs from retailers and wholesalers continued during the year. A total of 1,983 inspections were conducted and 2,249.14 Kw worth of banned bulbs were confiscated. The majority of the banned lighting products were smuggled into the country. A program to conscientise the border officials as well as the purchasing public of the disadvantages of using incandescent bulbs will be rolled out in 2020.

1.2.3. Petroleum Sub-Sector

In 2019, the country consumed an average of 2.6 million litres of diesel and 1.38 million litres of blend per day compared to an average of 2.58 million litres of diesel and 1.71 million litres of blend per day in 2018. The Authority attributed the increased consumption of diesel to the use of generators as an alternative to grid power due to load shedding. The year saw the highest number of service stations being licensed since 2013. A total of 709 retail sites were licensed compared to 638 in 2018.

Increased retail sites also entail amplified monitoring, surveillance, enforcement of fuel quality, infrastructural and pricing compliance. During the year, 526 fuel sites from the 709 were inspected and monitored for infrastructure standards compliance. There was a high compliance level in the sector buttressing once again that the fuel quality in the country met global standards.

LPG imports took a dip during the year due to foreign currency challenges. By end of the year, 37.1 million kg of LPG were imported against 38.7 million kg brought in in 2018. The year however saw a demand for training of LPG fillers. The fillers were trained by the Authority on standards, product knowledge and safety among others. The Authority had seventy-one cases before the courts due to various contraventions of the Petroleum Act and other regulations in 2019. By the end of the year, 25 cases were pending before the courts.

1.2.4. Stakeholder Engagement

The Authority continued with its audience specific engagement strategy targeting the suppliers, aggregators, and consumers of energy across the sectors. Investors were engaged during the year, further confirming that indeed Zimbabwe remains a favourable destination for investors in the energy sector.

Regular engagements were held with licensees and various consumer groups to discuss issues around prices, regulations and fairness in the industry. Such engagements resulted in increased consumer complaints and disputes being raised against suppliers of energy products. The complaints were also being expeditiously resolved. A total of 2,074 consumers were directly engaged in Binga, Bulawayo, Victoria

Falls, Mutare and Mutambara areas. The inaugural Energy Journalism workshop held during the year led to improved coverage and objective analysis of energy related stories across the media. The workshop was attended by 59 journalists drawn from all media houses. The Authority also activated the perception and satisfaction feedback survey from the second quarter of the year. By the end of the year, a 75% satisfaction index was achieved during the year based on the feedback of 3, 418 clients who sought the services of the Authority and took time to share their feedback.

1.2.5. Finance and Administration

The Authority's inflows were affected by exchange rates during the year resulting in planned engagements being deferred, postponed or cancelled. Tools of trade which were planned for procurement were also put on hold due to foreign currency shortage. In terms of financials, the Authority invoiced ZWL\$ 40, 843, 823 during the year. The expenditure for the year was ZWL \$36, 967, 789.

In terms of headcount, the Authority ended the year with 63 personnel against a budget of 70. The need to strengthen the field team remains imperative given the number of issues raised by different stakeholders across the country. The Authority conducted an employee engagement survey and a level of 65% was achieved. By the end of the year, efforts were still underway to address the gaps identified during the survey.

The Authority was successfully bestowed the ZWS ISO 9001:2015 Quality Management System certification by the Standard Association of Zimbabwe (SAZ) after successfully meeting the set requirements. Employee awareness, internal audits and management reviews continue to be undertaken to continually improve the quality management system.

1.2.6. Corporate Social Responsibility

The Authority extended its support to communities who were affected by the Cyclone Idai induced devastating storms that affected Manicaland Province. Four hundred blankets were donated by the Authority to the victims. Members of staff also collected various household goods and clothes which were directly donated to the victims.

The Authority continued to support students at tertiary institutions under its scholarship program. During the year, four of the students graduated from Midlands State University (MSU), Harare Institute of Technology (HIT) and University of Zimbabwe (UZ). Due to financial challenges, recruitment of new students under the scholarship program was postponed.

1.2.7. Regional Engagement

The Authority actively participated in various sub-committees and portfolios of the Regional Electricity Regulatory Association of Southern Africa (RERA). One of the major achievements of RERA is its transition from an association of electricity regulators to an association that has oversight over energy in general.

Due to financial challenges, the Authority did not actively participate in the other regional forums that include Regional Association of Energy Regulators of East and Southern Africa (RAERESA) and the African Forum for Utility Regulators (AFUR).

1.2.8. Conclusion

The Authority will continue to strengthen its regulatory capacity through staff development, acquisition of modern tools of trade, use of ICT and legal improvements. Energy is a key enabler to the attainment of the national vision oriented 'Towards a Prosperous and Empowered Upper Middle Income Society by 2030' and the Authority is geared towards playing a part.



E.T. Mazambani

Chief Executive Officer (A)

ZIMBABWE ENERGY REGULATORY AUTHORITY



1.3 | Snapshot of the 2019 Energy Sector In Numbers

24 electricity licenses issued for generation of 724.9MW

Energy supply was 8,719GWh in 2019 against 10,178GWh in 2018

130 fuel procurers' imported 937, 406, 602 litres of diesel and 456, 080, 132 litres of petrol

Corporate performance of 87% against a set target of 75%

1, 983 inspections under energy efficiency yielded 2,249kW of banned products

94% success rate of resolving consumer complaints

26 new applications received with
a potential to generate 1,676.33MW

IPPs supplied 251.4 GWh in 2019
against 311 GWh in 2018

709 fuel retail sites in 2019
against 638 in 2018

19 power projects operational out
of 72 licensed projects

37.1 million kg of LPG utilized in 2019
against 38.7 million kg in 2018

75% is the customers'
satisfaction rate of the year



2.0 | ZERA Board Members



Dr. E. Khosa
Board Chairperson



Dr. I. Jeke
Deputy Board Chairperson



Eng. G. T. Nkiwane
Board Member



Eng. B. Nhachi
Board Member



Air Marshal (Rtd) H. Muchena
Board Member



Commissioner T. Muzoroza
Board Member



Dr. S. Ziuku
Board Member



Mr. E. T. Mazambani
Ex-Officio Board Member
Acting Chief Executive Officer

3.0 | Executive Management



Mr. E. T. Mazambani
Acting Chief Executive Officer



Eng. M. Siyakatshana
Technical Director



J. Mupamhanga
Corporate Secretary



N. Ranga
Acting Finance and
Administration Director



R. Musiyiwa
Head of Internal Audit



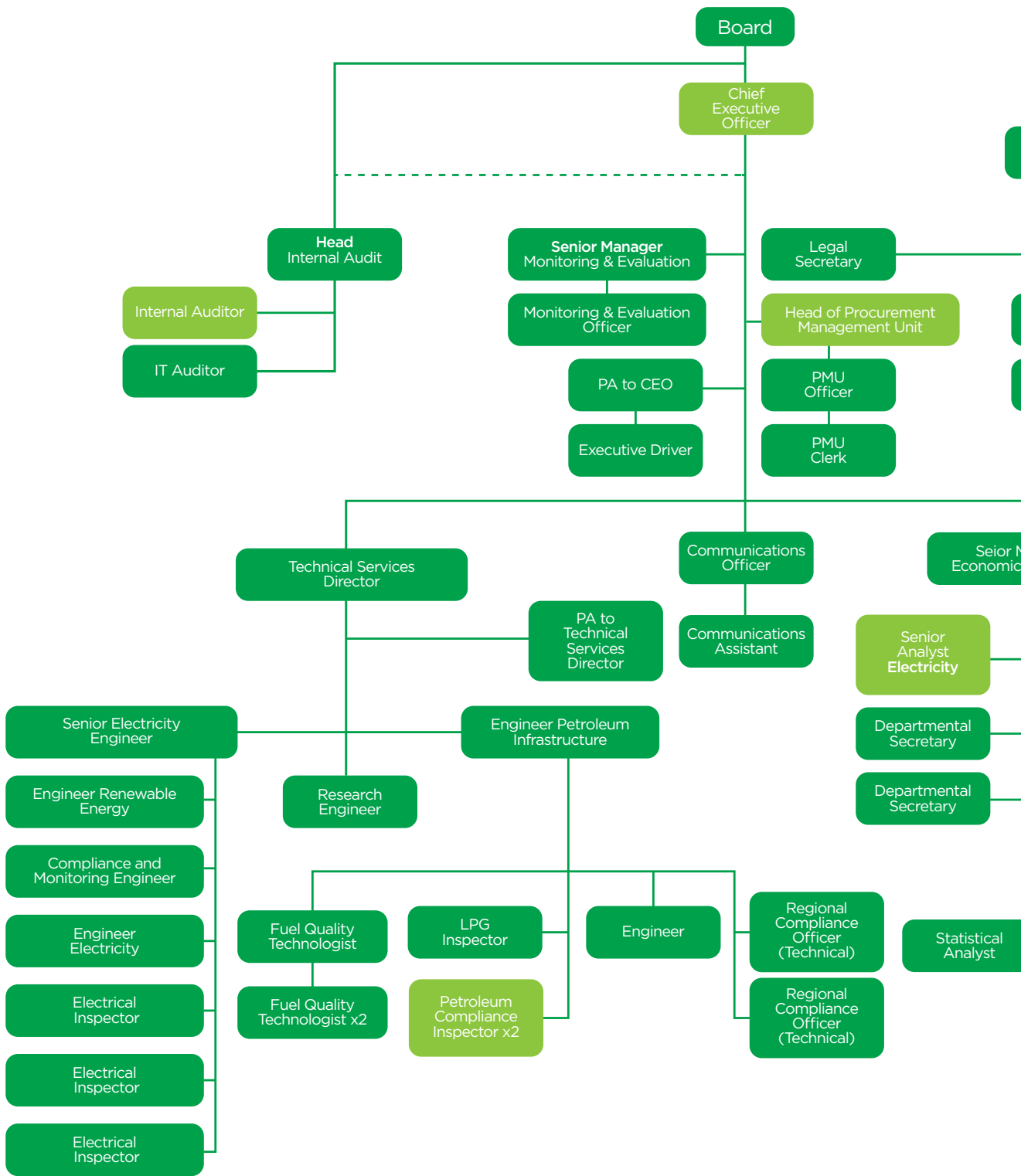
L. Nechitoto
Senior Manager
Economic Regulation

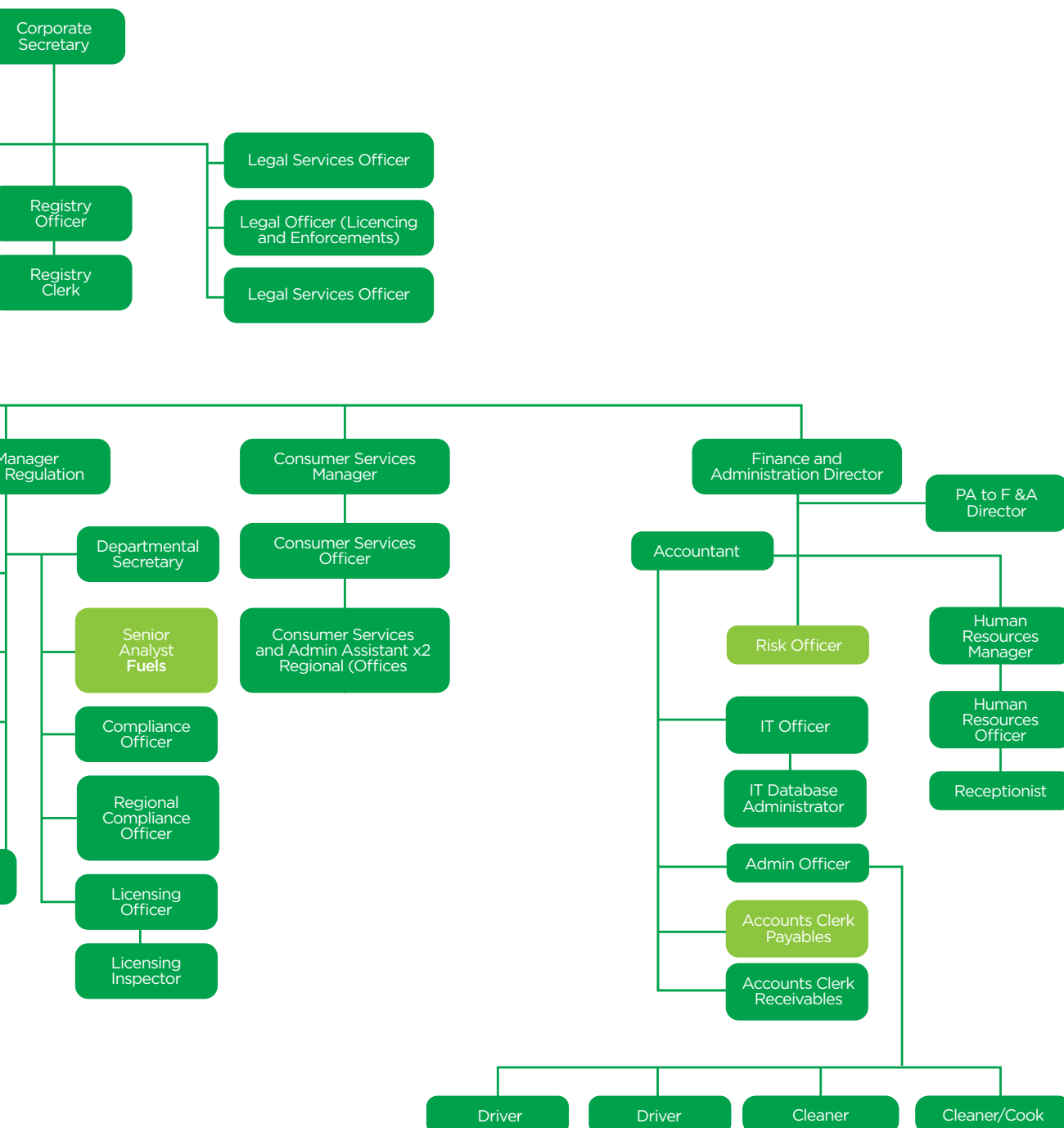


C. Machimbidzofa
Senior Manager Monitoring
and Evaluation



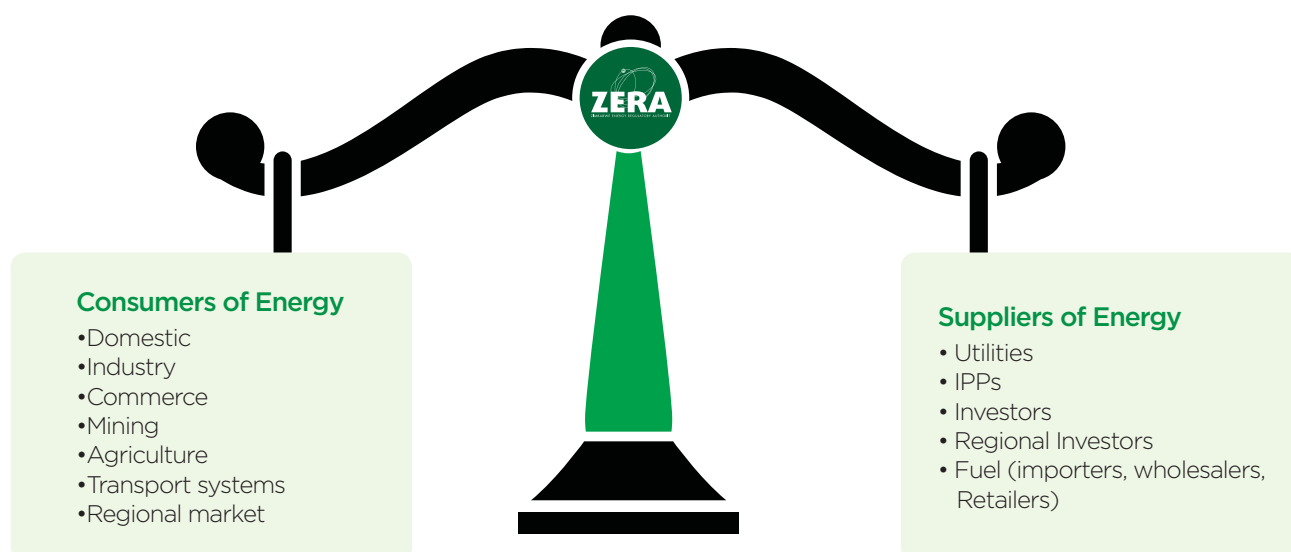
2.1 | Organogram







4.0 | ZERA Mandate



4.1. Mandate and Objectives

The Zimbabwe Energy Regulatory Authority (ZERA) derives its mandate from 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 licencing 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 [Chapter 13:19] of 2002, the Petroleum Act [Chapter 13:22] of 2006 and subsequent amendments.

4.1.2 Functions of ZERA

The functions of the Zimbabwe Energy Regulatory Authority (ZERA) are outlined in the Energy Regulatory Authority Act (Chapter 13:23), Part II, section 4 (1) and have been grouped according to functionality, these are:

A. Regulation and Licensing

- i. To regulate the procurement, production, transportation, transmission, distribution, importation and exportation of energy derived from any energy source;
- ii. To exercise licensing and regulatory functions in respect of the energy industry;
- iii. To ensure that prices charged by licensees are fair to consumers in light of the need for prices to be sufficient to allow licensees to finance their activities and obtain reasonable earnings for their efficient operation;
- iv. 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;

B. Research and Development

- v. To promote, identify and encourage the employment and development of sources of renewable energy;
- vi. 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.
- vii. To promote and encourage the expansion of the energy industry and the advancement of technology relating thereto;

C. Market Reform and Competition

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

D. To Increase Access and Security of Supply

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

E. Energy Efficiency and Environmental Protection

- xiii. To advise and educate consumers and licensees regarding the efficient use of energy;
- xiv. To assess, promote studies of and advise the Minister and licensees on the environmental impact of energy projects before licensing;

F. Key Stakeholder Advisory

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



4.2 | Regulated Sectors

4.2.1. Electricity Sub-Sector

The electricity supply industry (ESI) is currently dominated by a Government owned utilities, namely the Zimbabwe Power Company (ZPC) and Zimbabwe Electricity Transmission & Distribution Company (ZETDC).

ZPC is mandated to construct, own, operate and maintain power generation stations for the supply of electricity. It currently manages 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 the 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 (SAPS). There are some independent power producers who also operate through production for own consumption or for trading.

4.2.1. Electricity Licensing

ZERA licenses any person or company that operates an electricity undertaking which generates, transmits, distributes, or retails electricity for commercial purposes in excess of 100 kW.

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.

4.2.1.2. Validity of Licences

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

4.2.1.3. Regulatory Services

ZERA undertakes the following services in the electricity sector:

- Technical audits
- Compliance audits
- Licensing of operators
- Tariff approval
- Research and development
- Investment promotion
- Maintaining a register of licensees
- Promotion and awareness raising of energy efficiency and renewable energy
- Light handed regulation on power project less than 100Kw



4.2.2. Petroleum Sub-Sector

The petroleum sub-sector in Zimbabwe is dominated by private and state owned companies. The prices of fuels are regulated through the setting of maximum prices beyond which operators are not allowed to exceed.

ZERA regulates the sector through licensing, determination of fuel prices, fuel quality and compliance audits.

4.2.2.1. Petroleum Licensing

ZERA licenses companies involved in the production, procurement, retailing and wholesale of the following fuel products for commercial purposes in Zimbabwe. The petroleum products include:

- Petrol, diesel, paraffin;
- Denatured ethanol and ethanol blends
- Liquefied Petroleum Gas

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

- Production licence authorises the licensee to construct, own, operate and maintain facilities for the production of petroleum products
- Procurement licence authorises the licensee to import 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.

4.2.2.2 Validity of Licences

All licences are valid for a period of one (1) calendar year after which the licence may be renewed subject to satisfying periodic audits conducted by ZERA except for LPG which is valid for two (2) calendar years.

4.2.2.3. Regulatory Services

ZERA undertakes the following services in the petroleum industry:

- Infrastructure audits
- Fuel quality monitoring
- Price determination
- Price monitoring and enforcement
- Licensing of operators
- Training and demonstrations on safe use of products among operators and consumers
- Setting standards and continual improvements



Fuel Quality Testing Lab



4.3 Strategic Planning, Monitoring and Evaluation

4.3.1. Strategic Plan Implementation Review

The Authority held a strategic plan implementation review to realign its focus and future of energy regulation in line with national and global goals. The review was critical as it presented an insight into the Authority's performance within the context of the Government's Transitional Stabilisation Programme (TSP) whose span is from October 2018 to December 2020. Energy is one of the key enablers of the TSP.

The country's national vision is "Towards a Prosperous and Empowered Upper Middle Income Society by 2030". An upper middle income society is among other criteria, by increased use of clean, sustainable and affordable energy per capita. The national vision is underpinned by the Integrated Results-Based Management (IRBM) approach adopted by Government as a management tool to unlock socio-economic development.

The Authority's vision adopted to support the national and global aspiration is "A Regulator that promotes universal access to sustainable energy by 2030". The vision resonates with the National Vision of 2030 as well as the Sustainable Development Goals 7 of universal access to modern energy by 2030.

The Authority's five key result areas for the year 2019 are as follows:

- Increased access and security of energy supply
- Energy efficiency and environmental protection
- Compliance and Enforcement
- Key stakeholder advisory
- Improved service delivery

The 2019 strategy implementation review process assessed progress on key performance indicators against the Board's approved set target. The prevailing challenges within the energy sector were identified and mitigation strategies were proffered. These will be incorporated into the 2020 planning matrix.

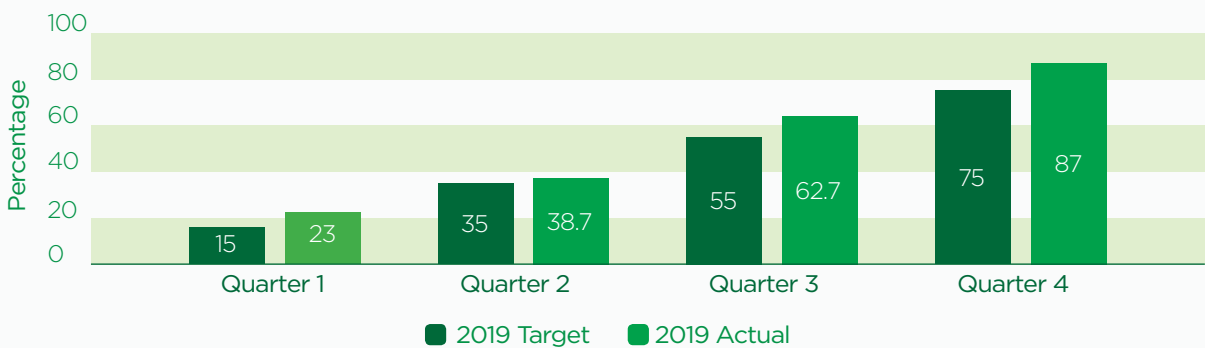
Monitoring of the performance of key projects continued through implementation of the 100 days Rapid Results Approach initiative. The Authority's high level projects included the Procurement of a demonstration / promotional Electric Vehicle (EV) and Net Metering Implementation. Both are still projects in progress.

4.3.2. Organisational Operations Performance

The Authority's overall organisational operations performance for the year under review is shown below.

Figure .1

2019 Quarterly Performance Index Percentages



Quarterly Performance Trends

The annual organisational performance index of 87% for 2019 surpassed the set target of 75%. This performance however, was 1.9% below that of 2018. The slight decline in performance for the year is mostly attributed to the challenging business operating environment experienced throughout the year which affected finances to fund operations.

The positive performance for 2019 is attributed to the significant contributions from key performance indicators, some of which are listed hereunder.

Table .1

KPI Trends				
	Key Performance Indicator	Annual Target	Actual Achievement	% Achievement
1	New projects under construction	3	8	267%
2	Fuel Quality Inspections carried out	500	771	154%
3	Electricity licenses processed	5	24	480%
4	Power Purchase Agreements signed	4	8	200%
5	Fuel Price Structure reviews conducted	1	2	200%
6	Number of trained energy operators	400	754	189%
7	Number of positive articles published	36	51	142%

Despite the above performance and as stated above, the challenging macro-economic environment resulted in negative performance of the following indices:

Table .2

KPI Variance				
	Key Performance Indicator	Annual Target	Actual Achievement	% Achievement
1	Budget and financial statements comparison (expenses)	ZWL 22 674 564	ZWL 36 967 789	-63 %

The overall positive performance for the year 2019 is a good indication which reflects the Authority's commitment to devising and implementing an economic growth oriented strategy that improves availability, quality and security of supply of energy products in the country.

Based on the 2019 performance, the Authority is on course towards attaining its Two Year (2019-2020) Strategic plan aspirations.



5.0 | Corporate Governance

Board Members tour Mashaba Solar project, an off grid power plant in Gwanda.

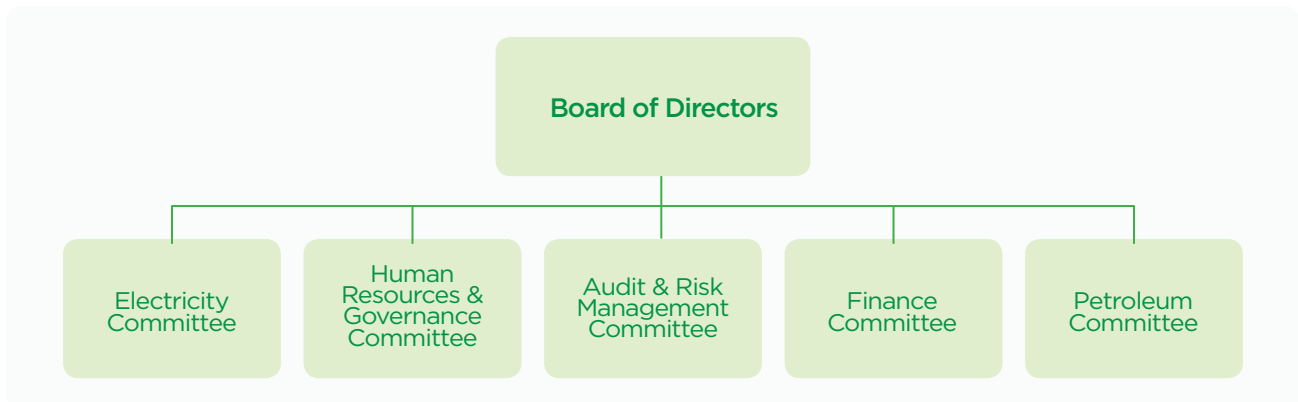


5.1.1. Introduction

The Board recognizes the need to conduct the affairs of the Authority with integrity and in line with best corporate governance practices. As such the Board has established a robust governance structure to enable the Authority to deliver its mandate. In particular, the Board is committed to achieving high standards of corporate governance and continues to work towards compliance with the Public Entities Corporate Governance Act [Chapter 10:31] and the Public Entities Corporate Governance (General) Regulations, 2018 published in Statutory Instrument 168 of 2018. All Board frameworks are reviewed as necessary in order to align them with the Public Entities Corporate Governance Act [Chapter 10:31] and its regulations.

The Board continued to comply with its Code of Ethics that provides guidance on ethical issues and helps foster a culture of honesty and accountability. In line with the Code of Ethics and to ensure effectiveness on the part of the Board, each Director is required to notify the Board of any actual or potential conflicts of interest and to update the Board of any changes on an ongoing basis.

A Register of Directors' Interests is maintained wherein Board Members disclose any interests in respect of matters to be considered at a meeting of the Board or any other directorships.



In terms of section 169 of the Public Entities Corporate Governance Act, the Board is required to undertake formal and rigorous annual evaluation to assess performance and effectiveness as a whole as well as the performance and effectiveness of Board Committees, individual directors and the Chief Executive Officer. In compliance with this statutory requirement, Board evaluation was conducted in 2019 and the overall performance of the Board was rated highly with a mean score of 86%, signifying that its performance was consistently very good.

The Authority has in place continuous development and stakeholder engagement programs, to ensure that the Board keeps up to date with best practices in Corporate Governance as well as sector developments. In this regard, the Board continued to meet stakeholders as per the Stakeholder Engagement Framework. The Board also met with the Minister of Energy and Power Development in fulfilment of the requirements of the Public Entities Corporate Governance Act.

In terms of capacity building, the Board attended refresher courses on corporate governance to ensure that they are up to date with current developments. A number of tours were also conducted in respect of licenced power projects in order to assess their performance.

The Corporate Governance activities as at 31 December 2019 were as follows:

5.1.2 Board Meetings

Section 33(1) of the Public Entities Corporate Governance Act provides that Board meetings should be held at least once every three (3) months. Scheduled Board meetings were held quarterly in accordance with a Board Calendar which was approved at the end of 2018. Special meetings were also conducted as and when necessary so as to address urgent issues arising outside the scheduled Board meetings.

5.1.3. Annual General Meeting for 2018

An Annual General Meeting was held in the second quarter of the year under review to approve the financial statements.

5.1.4. Board Committees

The Board Committees continued to play a crucial role in assisting the Board in discharging its mandate. The Board has established and delegated specific roles and responsibilities to five (5) Committees which are guided by terms of reference as approved by the Board and subject to review on an annual basis or as necessary. The Committees are chaired by non-executive Directors of the Board with Executive Management attending meetings by invitation.

The Committees met quarterly in accordance with their terms of reference. The Committee Chairpersons updated the full Board on agenda items covered and recommendations made to the Board by the respective Committees.

The five (5) Committees of the Board are:

a. Petroleum Committee

The objective of the Committee is to discharge the Board's responsibilities with regards to delegated petroleum sub-sector regulatory matters in terms of the Energy Regulatory Authority Act [Chapter 13:23] as well as the Petroleum Act [Chapter 13:22].

b. Electricity Committee

The objective of the Electricity Committee is to discharge the Board's responsibilities with regards to delegated electricity sub-sector regulatory matters in terms of the Energy Regulatory Authority Act, 2011 [Chapter 13:23] and the Electricity Act [Chapter 13:19].

c. Finance Committee

The objective of the Finance Committee is to ensure that Management has created and maintained an effective environment for financial management and procurement processes in adherence with international financial reporting standards, the Public Finance Management Act [Chapter 22:19] and other relevant statutes and standards.

d. Audit and Risk Management Committee

The Audit and Risk Management Committee ensures that Management has created and maintained an effective environment for internal control processes in line with the Public Entities Corporate Governance Act and Board approved policies and procedures.

e. Human Resources and Governance Committee

The objective of the Human Resources and Governance Committee is to ensure that the Authority both discharges its responsibility to attract, motivate, develop and retain the required staff competencies and does so in line with the Strategic Plan that embodies not only sound commercial principles relevant to a Regulator, but also corporate governance best practice.

Table .3

Board Committees				
Petroleum Committee	Electricity Committee	Finance Committee	Audit & Risk Management Committee	Human Resources & Governance Committee
Eng. B. Nhachi	Eng T. Nkiwane	Dr I. Jeke	Rtd Air Marshal H. Muchena	Commissioner T. Muzoroza
Dr I. Jeke	Eng. B. Nhachi	Rtd Air Marshal H. Muchena	Eng. B. Nhachi	Eng T. Nkiwane
Commissioner T. Muzoroza	Rtd Air Marshal H. Muchena	Eng T. Nkiwane	Commissioner T. Muzoroza	Dr I. Jeke
Dr S. Ziuku	Dr S. Ziuku	Dr E. Khosa	Dr S. Ziuku	Dr E. Khosa



Table .4

Attendance Register for Board Members

Board Member	Board of Directors' Meetings (4)	Specialboard of Directors' Meetings inc. Agms (9)	HR & Governance Committee (6)	Petroleum Committee (6)	Electricity Committee (7)	Finance Committee (6)	Audit & risk Management Committee (5)	Stakeholder Engagement Meetings/ Workshops (5)	Board Members' Meeting with Internal Audit (2)	Total
Dr E. Khosa	4	8	5	N/A	N/A	6	N/A	4	2	29
Dr I. Jeke	3	8	5	6	N/A	6	N/A	4	1	33
Rtd Air Marshal H. Muchena	3	8	N/A	N/A	7	6	4	5	1	34
Eng. B. Nhachi	4	7	N/A	6	6	N/A	3	5	1	32
Commissioner T. Muzoroza	4	7	5	5	N/A	N/A	4	5	1	31
Eng T. Nkiwane	4	8	5	N/A	7	6	N/A	5	2	37
Dr S. Ziuku	4	7	N/A	5	4	N/A	4	3	2	29

5.2 | Internal Audit Report

5.2.1. Overview

The Internal Audit function marked five years of existence in 2019. The function, since its inception, has made considerable progress in helping to improve the Authority's operations through independent and objective assurance and advisory services.

In 2019, Internal Audit continued with initiatives to improve the Authority's and its own operations by developing the following key frameworks:

- Combined Assurance Framework - The framework is envisaged to promote collaboration amongst all the assurance functions in the Authority. The framework will also help minimize duplication of effort amongst assurers and improve reporting to the Board.
- External Audit Assessment Framework - Sets out guidelines and responsibilities for the Board to ascertain the performance of the Authority's external auditors.
- Quality Assurance Improvement Program (QAIP) - The program will help the Internal Audit function to continually improve its processes leading to increased stakeholder satisfaction and recognition of value produced.

5.2.2. Assurance Activities

The following planned audit engagements were conducted during the year 2019:

Table .5

Audit Engagements					
Audit Engagement		Audit Observations			
		Total	High Risk	Medium Risk	Low Risk
i	Bulawayo Regional Office	47	41	2	4
ii	Procurement and Payables	35	33	2	-
iii	Monitoring & Evaluation	12	12	-	-
Follow-Up Audit Engagement		Total	Implemented	Partially Implemented	Not Implemented
iv	Risk Management	20	6	5	9
v	Petroleum Licensing	28	3	9	16
vi	Communications	39	16	16	7
vii	Mutare Regional Office	27	23	2	2



5.2.3. Consulting Services

Internal Audit provided consulting services to management on various issues which include management of pool vehicles and fuel coupons, stores management, implementation of energy management regulations and the structure of the whistle blowing facility.

5.2.4. In an endeavour to promote and to increase understanding of Internal Audit's role in the Authority amongst its stakeholders, the department organised the annual Internal Audit Awareness Month function in May 2019 which was graced by the Auditor General, Ms. M Chiri. The Electricity Technical department scooped the award for highest audit recommendation implementing department for the year 2018. Engagements were also done through staff induction programs, audit engagement and management meetings.



From left standing: S.N Zaranyika, (Senior Electricity Engineer), Ms. M. Chiri (Auditor General), Rtd. Air Marshall Muchena (Audit & Risk Management Committee Chairperson), R. Musiyiwa (Head of Internal Audit)

6.0 | Operational Report

The Authority implemented its activities based on the operational strategic plan and in line with national goals. This section presents comprehensive insight into the progress and challenges made in the energy sector with respect to licensing, standards, regulations, monitoring and surveillance of the energy sector, finance and administration.

The section also highlights milestones achieved through consumer education and engagement programs, communication and public affairs and well as the Authority's contribution to the region's energy related initiatives.

6.1. Licensing - Electricity Sub-Sector

6.1.1. Electricity Sub-Sector

The sub-sector witnessed an increased interest from prospective licensees keen to participate in the electricity generation sector. In 2019, the Authority received 26 license applications against 18 in 2018.

The Authority approved 24 licenses during the year against 13 in 2018. Of the 24 licenses issued in the year under review, 16 applications were submitted in 2018 and 8 in 2019. Solar energy technology dominated the license applications and licenses issued as shown in the following segments.



Hwange Power Station Expansion



Hauna Power Station



Solgas Solar Power Plant



6.1.2 New applications for 2019

During the year, a total of 23 power projects applications received out of 26 were on solar energy technology. The applied capacity varied from 1MW to 68MW. The applications were received from all the provinces except Mashonaland Central. This trend is an indicator that the country has a high potential to increase renewable energy, specifically solar energy, in its energy mix in line with the Regulator's drive to ensure sustainable energy.

Table .6

New Applications for 2019				
	Name of the Project	Technology	Capacity (MW)	Location
1	Alliance Africa Energy Pvt Ltd	Solar PV	50	Chegutu, Mashonaland West
2	Bayrich Energy Pvt Ltd	Solar CSP	50	Bikita, Masvingo
3	Caledonia Mining Pvt Ltd	Solar PV	17.5	Gwanda, Matabeleland South
4	Cam and Motor Solar Pvt Ltd	Solar PV	54	Kadoma, Mashonaland West
5	Chibani I Pvt Ltd	Solar PV	57.420	Sans Souci Farm, Masvingo
6	CoreZim Pvt Ltd	Solar PV	20	Goromonzi, Mashonaland East
7	Dalny Solar Pvt Ltd	Solar PV	20.6	Kwekwe, Midlands
8	Dalny Solar Pvt Ltd	Solar PV	54	Kadoma, Mashonaland West
9	Hapnust Investments	Solar PV	5.071	Magunje, Mashonaland West
10	Kujoke Africa Pvt Ltd	Solar PV	6	Buhera South, Manicaland
11	Kusile Solar Park Pvt Ltd	Solar PV	24	Gweru, Midlands
12	Lafrica Energy Pvt Ltd	Thermal	750	Hwange, Matabeleland North
13	Lumiger Solar Pvt Ltd	Solar PV	50	Chegutu, Mashonaland West
14	Matshela Energy Pvt Ltd	Solar PV	100	Gwanda, Matabeleland South
15	Murombedzi Solar Park Pvt Ltd	Solar PV	10.5	Zvimba, Mashonaland West
16	Murowa Solar Pvt Ltd	Solar PV	68.4	Zvishavane, Midlands
17	Nyakupinga Power Station Pvt Ltd	Solar PV	0.6	Nyanga, Manicaland
18	Padenga Holdings Limited	Mini-Hydro	1.2	Kariba, Mashonaland West
19	Power Ventures Pvt Ltd	Solar PV	25	Hwange, Matabeleland North
20	Renco Solar Pvt Ltd	Solar PV	38.04	Nyajena Communal Lands, Renco District, Masvingo
21	Schweppes Zimbabwe Limited	Solar PV	1	Southerton, Harare
22	T.D Energy Pvt Ltd	Solar PV	20.002	Chivhu, Mashonaland West
23	Zhenje Solar Park Pvt Ltd	Solar PV	33	Seke, Mashonaland East
24	Zimbabwe Zhongxin Electrical Energy	Thermal	50	Hwange, Matabeleland North
25	Zororo Energy Company Pvt Ltd	Solar PV	50	Bromley, Mashonaland East
26	ZPC Mutare Peaking Plant	Gas/Diesel	120	Mutare, Manicaland
Total			1,676.33MW	

6.1.3. Licences Amended

Changing circumstances and technology compelled licensees to apply for amendments as show below:

Table .7

Licenses Amended					
Licensee		Technology	Capacity (MW)	Location	Nature of Amendment
1	Yellow Africa Private Limited	Hydro	1.0	Confluence of Odzi and Nyakupinga Rivers Minnehaha Area, Nyanga District Manicaland	Separation of Odzi and Nyakupinga feeds into two separate power stations with two separate licences.
2	TD Energy (Private) Limited	Solar PV	40.8	Hunyani Business Park, Norton, Mashonaland West	Extension of the completion date of the project from 31st October 2019 to 31st July 2020
3	Richaw Solar Tech (Private) Limited	Solar PV	5.0	Lot 16 of Capthal Block 2A, Gwanda, Matabeleland South Province	Amendment of conditions of the licence to take into account delays in implementation of their power station project due to challenges in accessing foreign currency
4	Yellow Africa Private Limited	Solar PV	50.0	Subdivision of 3 Broad Acres, Imbesu 3, Ward 8, Umguza Rural District, Matabeleland North Province	Change of project site
5	Sengwa Power Station	Coal	2400.0	Gokwe North	Revalidation of licence conditions



6.1.4. Licenses issued in 2019

Of the 24 power generation project licenses issued during the year, were based on solar technology. The capacity varies from 0.5MW to 50 MW.

Table .8

Licenses Issued in 2019				
	Licensee	Technology	Capacity (MW)	Location
1	Kefalos Solar Power Plant	Solar PV	0.6	Bhara Bhara Farm, Mubaira Road, Harare South
2	Custodian Energy Group	Solar PV	50	Puri Farm, Alaska, Mashonaland West Province
3	New Glovers Solar (Pvt) Ltd	Solar PV	10	Glovers Farm, Munyati, Kwekwe, Midlands Province
4	Equinox Energy (Pvt) Ltd	Solar PV	10	Makaha, Mudzi District, Mashonaland East Province
5	Tokwe Mukosi Hydroelectric (Pvt) Ltd	Hydro	15	Tugwi Mukosi Dam, Chivi District, Masvingo Province
6	Planet Solar Zimbabwe (Pvt) Ltd	Solar PV	50	Eureka Farm, Chegutu, Mashonaland West Province
7	Standards Association of Zimbabwe	Solar PV	0.5	SAZ Head office, Northridge Park, Borrowdale in Harare East, Harare Province
8	Shangani Renewable Energy (Pvt) Ltd	Solar PV	25	Shangani, Insiza District between Gweru and Bulawayo in Matabeleland South Province Zimbabwe
9	Shangani Renewable Energy (Pvt) Ltd	Solar PV	5.5	Dunavet, Guruve District, Mashonaland Central Province, Zimbabwe
10	Mopower Solar (Pvt) Ltd	Solar PV	50	Orient farm of Somabhula in Gweru, Midlands Province
11	Sable Solar Energy (Pvt) Ltd	Solar PV	50	Sable Chemicals Complex in Kwekwe Midlands Province
12	Steam Team	Hydro	0.5	Silverstreams, Joppa Farm, Chipinge in Manicaland Province
13	TD Energy (Private) Limited	Solar PV	36	Lot 3 of Stuhm in Goromonzi District in Mash East Province
14	Zhenje Solar Park (Private) Limited	Solar PV	33	Makokoro Area in Ward 3, Seke District, Mashonaland East Province
15	ZPC Mutare Peaking Power Station	Gas/Diesel Combined Cycle Gas Turbines	120	Orange Grove Farm, Feruka, Mutare, Manicaland Province
16	Matshela Energy (Private) Limited	Solar PV	100	Timber Farm, Gwanda in Matabeleland South Province
17	Schweppes Limited	Solar PV	1	Schweppes Zimbabwe Limited, 67a Woolwich Road, Southerton in Harare South, Harare Province
18	Lumiger Solar (Private) Limited	Solar PV	50	Cactus Hill Farm in Chegutu District in Mashonaland West Province
19	Accelerated Sustainable Power in Renewable Energy (ASPIRE) (Private) Limited	Solar PV	10.2	ARDA Mkwazine Ranch in Chiredzi District in Masvingo Province
20	Parvalue Energy (Private) Limited	Solar PV	50	Stand 3039, Donnington West, Westgate Suburb in Bulawayo
21	Parvalue Energy (Private) Limited	Hydro	1	Odzani Falls Power Station on Odzani River in Mutasa District in Manicaland Province
22	Nyakupinga Power Station (Private) Limited	Hydro	0.6	Nyakupinga River, in Nyanga District in Manicaland
23	Kujoje Africa Investment (Private) Limited	Solar PV	6	Ward 33 Buhera South in Manicaland Province
24	Zimbabwe Zhongxin Electrical Energy (Pvt) Ltd	Solar PV	6	Deka Bridge Farm, Subdivision 3 Hwange District Matabeleland North
Total			724.9 MW	

6.1.5. Progress of Licensed IPPs

A significant number of licensed power projects recorded a moderate progress during the year towards commissioning. Nine projects were under construction during the year. Out of the 72 licensed projects, 19 are generating and feeding into the grid as indicated below:

Table .9

IPP Progress			
Stage of Development	Licensed Projects	Capacity (MW)	Technology
Stage 1 - Concept/ Pre-feasibility Stage	i. Sengwa Power Station - (2400MW), ii. Wild Bush Investments - (1.6MW), iii. Africa Oracle Solar Gen Company - (25MW) iv. Mvura Dam - (1MW), v. Parvalue Energy - (50MW)	2477.6	Coal = 1 Solar = 2 Mini hydro = 2
Stage 2- Feasibility / Proof of bankability	i. Utopia Power Company(15MW) ii. Plum Solar (5MW) iii. De Green Rhino Energy (50MW) iv. Shilands Enterprises (345MW) v. Great Zimbabwe Hydro(5MW) vi. PER Lusulu (2000MW) vii. ZPC Gairezi Hydro (30 MW) viii. Indo Africa Power 10MW ix. Mopower Solar (50MW)	1820.9	Coal = 1 Solar = 20 Mini hydro = 2 Gas & Diesel = 1
Stage 2 – Funding	i. Utopia Power Company - (15MW) ii. Plum Solar - (5MW) iii. De Green Rhino Energy - (50MW) iv. Shilands Enterprises - (345MW) v. Great Zimbabwe Hydro- (5MW) vi. PER Lusulu - (2000MW) vii. ZPC Gairezi Hydro - (30 MW) viii. Indo Africa Power - (10MW)	2510	Gas = 1 Solar = 5 Mini hydro = 2 Coal = 1
Stage 3- Construction	i. Richaw Solar Tech - (5 MW) ii. Riverside Power Station Phase II - (7.5MW) iii. TD Energy - (40.8 MW) iv. Nyakupinga Power Station - (0.6MW) v. Pelshong Investments - (1MW)	54.9	Solar = 3 Mini hydro = 2
Stage 4- Funding	i. Centragrid - (25 MW) ii. Tsanga A - (2.69MW) iii. Tsanga C - (2.15MW) iv. Rusitu Power Corporation - (1MW) v. Harava Solar Park - (20MW) vi. Solgas - (5MW) vii. Zimbabwe Zhongxin Electrical Energy - (50MW) viii. ZPC Hwange Expansion - (600MW) ix. Kefalos Cheese Products - (0.6MW)	706.44	Solar = 4 Mini hydro = 3 Coal = 2
Stage 5 – Construction	i. Duru - (2.2 MW) ii. Nyamingura - (1.1 MW) iii. Pungwe A - (2.75 MW) iv. Pungwe B - (15.25 MW) v. Pungwe C - (3.75 MW) vi. Hippo Valley Estates - (33 MW) vii. Triangle Estates - (45 MW) viii. Green Fuel - (18.3 MW) ix. Hauna Power Station - (2.3 MW) x. Kupinga Power Station - (1.6 MW) xi. Claremont Power Station - (0.3 MW) xii. Riverside Power Station - (2.5 MW) xiii. Nottingham Estates (1.5MW solar and 0.75MW diesel) xiv. Padenga Holdings - (0.33MW) xv. Econet - (0.45MW) xvi. Tsanga B - (2.06MW) xvii. Standards Association-(0.19MW) xviii. ZPC Kariba South Extension - (300MW) xix. Schweppes Zimbabwe - (1MW)	434.33	Solar/Diesel = 1 Solar = 5 Mini hydro = 9 Co-gen = 3 Large Hydro = 1
Stage 5a Commissioned but not operating	i. Border Timbers (0.5 MW)	0.5	Biomass = 1
72 Power Projects		8,004.67	



6.1.6. Major Challenges Cited by IPPs

The major challenge cited by IPPs is the issue of accessing finance to fund the projects. The energy sector is capital intensive and requires affordable long terms loans. In addition, tariff determination is challenging because of currency uncertainty. The Authority, however, addressed all the issues that are within its scope of operation.

6.1.7. Licenses Cancelled

During the year, Manako Power (Pvt) Limited had its hydro power generation license of 2.5MW at Osborne Dam cancelled. The reasons for cancellation were failure to comply with licence conditions with respect to attainment of financial closure by 31st December 2018.

6.1.8. Licence Application with Objections

Two licensees had objections raised during the year. Woodlands Estate residents objected to development of South Pole Consulting (Pvt) Ltd's 125MW hybrid solar and hydro-kinetic free-flow of river technology to be situated at Woodlands Estate in Victoria Falls, arguing the proposed solar plant at the project site location is on communal land shared by all residents. This licence application was submitted in 2018 and the objection remains unresolved to date. The Authority will consider nullification of the licence application if the objection remains unresolved.

The Zimbabwe Power Company's (ZPC) Bulawayo Power Station application to repower the station by replacing obsolete chain-grate boiler technology with circulating fluidized bed technology was put on hold as the Authority awaits ZPC's submission of documentary evidence of consultations done in response to the request by Bulawayo Progressive Residents Association (BPRA).

6.1.9. Electricity Tariffs

The Zimbabwe Power Company (ZPC) and Zimbabwe Electricity Transmission and Distribution Company (ZETDC) applied to the Authority for the review of the tariffs applicable to the generation of electricity as well as the transmission and distribution of electricity in terms of Section 53 of the Electricity Act (Chapter 13:19) of 2002.

The Authority consulted stakeholders as a way of soliciting views on the electricity supply situation and the tariffs applicable to the different customer categories. These included farmers, industry, domestic and commerce. Based on submissions made, it became clear that the tariff applicable to the power utility had been eroded significantly.

The major cost drivers for the power utilities include depreciation of the local currency against major currencies resulting in pressure on the companies in terms of procurement of foreign currency based requirements. In addition, increases in local inflation which generally affected all local costs such as procurement of coal, diesel and other essential equipment and payment of imported power amounting to US\$19.5 million per month.

The Authority analysed the situation which was characterised by about 18 hours of load shedding on most consumer groups, the high cost of alternative energy supplies, the deterioration of the tariff being charged against what is deemed cost reflective. In response, an average tariff at ZETDC level of ZWL162.16c/kWh and application of an indexation formula were approved among other measures.

6.1.10. Regulator's Expectations

The Authority set the following as expectations:

- i. A significantly improved electricity supply position from ZPC as the company can procure enough coal stocks;
- ii. Reduced load shedding hours and improved reliability of supply from ZETDC as the company is able to import electricity from the Southern African Power Pool;
- iii. More concerted energy efficiency measures from consumers to ensure that electricity is put to good use;
- iv. ZETDC to collect the more than a billion Zimbabwe dollars owed by various customer groups;
- v. Increased responsibility towards paying electricity bills by all consumer groups to ensure that the electricity companies are capacitated to continuously improve on supply and
- vi. That the general public should assist the utility to protect electricity infrastructure to reduce costs.

6.2 | Development of the Regulatory Framework & Environment

6.2.1. Increased Access

6.2.1.1. National Integrated Energy Resource Plan

Work on the National Integrated Energy Resource Plan (NIERP) which seeks to come up with least cost energy supply options given future demand scenarios continued to be constrained by logistical and resource constraints. MOEPD engaged the World Bank to provide both technical and financial support to carry out this project in 2020 as the Authority is no longer in a position to fund it.

6.2.1.2. Independent Power Producer Policy

Development of the Independent Power Producer (IPP) Policy could not take off as planned due to funding challenges. Efforts will continue to be made to ensure momentum is gained on the development of the IPP policy.

6.2.1.3. Electricity Procurement Framework

Generation projects are currently procured through unsolicited bids. This has clogged the licensing system with many projects that have not proceeded through to financial closure and have remained unimplemented.

A competitive bidding framework for new generation projects is desirable as it will assist the Authority to license the best operators with relevant capacity and potential at competitive cost. To this end, work for implementing competitive procurement of electricity projects in Zimbabwe commenced during the year.

The African Development Bank (AfDB) offered the Government of Zimbabwe technical assistance in the development of the competitive bidding framework. The project, which is anchored on the completion of the NIERP, will tender out projects from the least cost energy mix.

6.2.1.4. Light-Handed Framework for Mini-Grids

The draft Zimbabwe mini-grid framework was finalised during the year. The document will guide investors, designers, contractors and users to achieve universal access to clean energy forms as articulated in Sustainable Development Goal 7. It focuses on regulatory compliance technical requirements on investment in mini-grids in Zimbabwe. The document also addresses the interventions required when the national grid extends to the mini-grid network. The framework is expected to be operationalised in the coming year.

6.2.1.5. RERA Technical Activities Deliverables

The Authority participated in regional activities through the Regional Energy Regulators Association of Southern Africa (RERASA).

The Technical Regulation Subcommittee (TRS) produced the following:

- i. Status report on transmission and distribution losses in SADC Members;
- ii. Draft Micro-Nano- Pico Grids Framework;
- iii. Status report on the adoption, implementation and enforcement of standards for Solar PV equipment in member countries;
- iv. Draft framework for adoption and implementation of Minimum Energy Performance Standards (MEPS) Guidelines
- v. Terms of reference (TORs) for Smart Grid and Smart Metering; and
- vi. Terms of reference (TORs) for the Regional Grid Code

6.2.1.6. Customer Supplied Prepayment Meter Scheme

During the year, a complement of 22 registered Agents procured 18,719 meters (compared to 26,497 procured in 2018) from original equipment manufacturers (OEM's). Fewer meters (28,154) were sold in 2019 as compared to 31,482 meters in 2018. The decline was due to the difficult macro-economic environment which saw substantial increases in importation costs as a result of the depreciation of the local currency.

Out of the 22 Agents registered in 2019, seven failed to meet the required sales quota for the year and were deregistered at the end of the year in terms of the regulations. The Authority continues to monitor the performance of the meters of the six OEM's with a view to introducing new OEMs and phasing out poorly performing OEM s.

6.2.2. Ensuring Safety, Reliability and Quality of Supply

6.2.2.1. Distribution Code Regulations (Statutory Instrument 47 of 2017)

Two Distribution Code Review Panel (DCRP) meetings were conducted during the year and these identified the need to revise the Code as per the various contributions from the DCRP sub-committees. The key proposed changes to the Code were as follows:

- i. Rationalise the minimum power factor threshold to 0.9



- ii. The inclusion of smart and prepaid meters in the Metering Code
- iii. Revision of the Operations and Maintenance, Wayleaves and Servitude Code and Connection Sub-Code

6.2.3. Promotion of Renewable Energy

6.2.3.1. Renewable Energy Policy

The MOEPD developed the Renewable Energy Policy which was then approved by Cabinet in August 2019. The Renewable Energy Policy specifically mandates the Authority to implement a number of action plans which include;

- i. The development of mandatory Renewable Purchase Obligations (RPOs)
- ii. Invitations of bids to perform detailed resource assessments on selected Renewable Energy technologies including geothermal, wind and biomass energy to determine their potential in the country and improve investor confidence
- iii. Notify regulations/order/amendments for open access (third party grid access)
- iv. Develop Competitive Bidding guidelines for power generation and
- v. Waiver of licensing fees for installation and operation of micro-grids and mini-grids with an installed capacity of less than one Megawatt (1 MW).

The policy is to be launched in 2020.

6.2.3.2. Amendment of Net Metering Regulations (Statutory Instrument 86 of 2018)

The following changes were proposed to the Net Metering Regulations;

- i. Reduce the compensation tariff from 0.90 to 0.80 of the energy tariff to allow ZETDC to recoup costs related to maintenance of the electricity network and ensure reliability of grid connection.
- ii. Increase the threshold capacity limit of participants from 100kW to 1MW to accommodate commercial and industrial consumers.

A guideline on the technical connection requirements for net - metered participants was also drafted. This Sub-Code will be incorporated into the Net Metering Regulations as an addendum.

The Authority was seized with the following challenges adversely affecting the uptake of Net Metering:

- i. The prevailing and sustained daytime load shedding by ZETDC is discouraging a number of prospective net metering participants from signing up for the scheme and
- ii. The high cost of bi-directional smart meters translates to high inter-connection fees which dissuade the

majority of customers from participating in the scheme.

The Authority together with Ministry have engaged ZETDC to consider the payment of connection fees through monthly instalments to make it affordable and easy for most customers to get connected for net metering.

Major solar PV rooftop installations done during the year included Schweppes Zimbabwe (1MW), Econet Msasa (100kW) and Natpharm Masvingo (200kW).

The Econet Msasa system was able to substitute at least 40% of their grid electricity requirements whilst Natpharm is capable of offsetting the entire electricity bill, with a possibility of becoming a net exporter to the grid. The connection of Schweppes 1MW system was in progress by the end of the year.

6.2.3.3. Solar Water Heating Regulations Statutory Instrument 235 of 2019

The Solar Water Heating Regulations were promulgated during the year and provide for mandatory installation of solar water geysers on all installations requiring electric water heating as well as regulate the installation, licensing, operation, repair, maintenance, and upgrade of solar water heating systems. This initiative is expected to result in a significant reduction in electricity consumption.

These regulations apply to all property developers, architects, engineers and users of electricity to heat water. The regulations do not apply to existing premises with electrical geysers. The Regulations provide for exemption to following premises:

- i. premises with technical limitations;
- ii. premises utilizing electricity generated from renewable energy and;
- iii. such other premises as the Authority may determine.

6.2.3.4. Biogas and Solar Street Lighting Standards

The following renewable energy standards were being developed during the year to ensure quality in the growing sectors of biogas production and solar street lighting;

- i. ISO DIS 22580: Flares for Combustion of Biogas.
- ii. ISO 20675:2018: Biogas — Biogas production, conditioning, upgrading and utilization — Terms, definitions and classification scheme
- iii. ZWS D1044: Part 1: Solar Street Lighting Part 1: Conventional
- iv. ZWS D1044: Part 2: Solar Street Lighting: Part 2: Integrated Solar LED Street Light
- v. Off-Grid Standards

The Authority adopted the African Electro-technical Standardisation Commission (AFSEC) Guide for Application of Standards for Rural Electrification in

Africa. The guide provides an overview of standards for technologies suitable for application in electrification of rural areas in Africa. The guide takes into account the small to large scale systems.

It also provides methodological support for the management and implementation of projects, taking into account economic implications, safety and technical specifications for individual or collective systems, hybrid systems and associated components. The guide was developed based on the IEC 62257 series which are recommendations for renewable energy and hybrid systems for rural electrification.

6.2.3.5. Wind Resource Assessment

The Authority began the process of identifying suitable consultants to develop bankable wind resource assessment last year. This exercise however continues to be hindered by availability of funding. Wind is considered key in the energy supply mix for the country, a potential of 221MW was identified from a preliminary study conducted by the International Renewable Energy Networks Association (IRENA) in 2015.

Project implementation will be coordinated by the MOEPD. The ground measurements results will ensure securing bankable wind data for development of wind power projects in Zimbabwe which can then be availed to potential project developers and investors through competitive bidding.

6.2.3.6 Renewable Energy Service Provider Assessment

A total of sixty-five (65) solar photo-voltaic and solar geyser installations and service companies were assessed and registered/re-registered and now appear on the Authority's website as at 31 December 2019 for the benefit of the buying public. This registration is meant to improve the quality of installations through prequalification of installers. The registered service providers are distributed as shown in the table below:

Table .10

Distribution of RE Service Providers		
City	RE Service Providers Distribution	Quantity
Harare	80%	52
Bulawayo	11%	7
Gweru	6%	4
Mutare	1.5%	1
Zvishavane	1.5%	1
Total	100%	65

Following representation to the Procurement Regulatory Authority of Zimbabwe (PRAZ) by the Authority, this

registration is now a requirement for companies that wish to participate on public solar installation tenders. This will ensure quality and accountability in the sector.

The Authority further made representations to the National Manpower Advisory Council (NAMACO) for the designation of the trades of Solar PV Installer & Solar Geyser Installer and this process is expected to be complete in 2020. This is expected to standardise training in these trades in technical & vocational colleges as well as making it a mandatory requirement for practice in these trades.

6.2.3.7 VAT Exemption on Renewable Energy and Energy Efficiency Products

The Swedish International Development Cooperation Agency (SIDA) commenced funding of a Change Management project that seeks to accelerate the uptake of renewable energy and energy efficiency projects in Zimbabwe. A Country Team that includes ZERA; ZPC; Renewable Energy Association of Zimbabwe (REAZ) and the MOEPD, identified high capital cost of technologies; non-economic tariffs; policy implementation challenges; high customs duty tariffs; uncoordinated decision making; limited renewable energy data; lack of measurement reporting & verification framework and limited renewable energy (RE) & energy efficiency (EE) awareness programs as the causes of low uptake of renewable energy and energy efficient technologies.

To this end, the country team has proposed working on motivating an exemption of duty and VAT on renewable energy and energy efficient products. An exhaustive study (to be completed in 2020) will be carried out to determine the holistic impact of VAT exemption on all renewable energy and energy efficient products in Zimbabwe to determine the financial and socio-economic impact of removing the VAT and import duties from eligible clean energy products.

6.2.4. Research and Development

i. ZERA Funded Research

The Chinhoyi University of Technology concluded the Authority funded research into combined solar and biomass fuelled tobacco curing. The research established that effective tobacco curing could be achieved with a 60% reduction in biomass fuels and that the investment into the adoption of such technology was viable.

ii. Lighting and Solar PV Testing

In a bid to ensure quality lighting and solar PV equipment, the Authority approved the procurement of an integrated testing sphere which will be donated to the Standards Association of Zimbabwe (SAZ) as the custodian of standards and testing in Zimbabwe. The tests performed will allow verification of the quality of solar products for the benefit of the public.



6.2.5 Promotion of Energy Efficiency

6.2.5.1. Inefficient Lighting Ban and Labelling Regulations (Amended Statutory Instrument 208 of 2018)

The Statutory Instrument on inefficient energy lighting was reviewed to incorporate proposed SADC Harmonised Minimum Energy Performance Standards for General Lighting Products as well as a review of fines for non-compliance. The amendments are expected to be completed in 2020 when these changes are to be gazetted.

6.2.5.2. Confiscation of Inefficient Banned Lighting Products

A total of 1,983 lighting products retailers/wholesalers/importers inspections were conducted in 2019 as compared to 365 in 2018 (443% increase). A total of 1,063 retailers were non-compliant (54%). A total of 2,249.14kW worth of the banned incandescent light bulbs were confiscated and disposed of through destruction (884.04kW in 2018). The majority of incandescent light bulbs are finding their way into the country through Beitbridge and Chirundu border posts. A total of 553 fines were issued, amounting to ZWL\$147,515.40. Table 11 below gives statistics of the inspections.

Table .11

Summary of Statistics of Inspections Done				
No.	Description	YTD 2019	YTD 2018	% Variance
1	Inspections conducted	1,983	365	443%
2	Compliant Retailers	920	173	432%
3	Compliance Rate	46.4%	47.4%	1.0%
4	Fines Issued	553	157	252%
5	Total Amount of Fines (ZWL\$)	147,515.40	0	-
6	ILB Wattage Seized (kW)	2,249.14	881	155%

6.2.5.3. Destruction of Seized Lighting Products

The Authority witnessed the destruction of 2,249.4kW worth of the banned incandescent lighting bulbs by ZRP in various regions as shown in Figure 1 below;



Destruction of seized banned lighting products

It was noted that the level of fines is not deterrent enough for repeat offenders trading the banned incandescent bulbs. Section 4(2) of the SI 208 of 2018 is therefore being reviewed to increase the fining levels to make them deterrent.

6.2.5.4. Energy Management Regulations

The Authority conducted stakeholder consultation workshops in Mutare, Bulawayo and Gweru for the draft Energy Management and Minimum Energy Performance Standards (MEPS) of Domestic Electrical Appliances

Regulations. The Energy Management Regulations will make it mandatory for large consumers of electricity to have documented policies for energy management and auditable energy improvement plans.

6.2.5.5. Reactive Energy Tariff/Penalty

The reactive energy charge was finalised and is to be implemented at the beginning of 2020 by ZETDC. Customer awareness workshops were conducted by ZETDC during the year in readiness for implementation. This charge, in addition to the existing kVA and kWh tariff components, will compel maximum demand customers to improve their power factor and be energy efficient. Implementation of the reactive energy charge will result in an optimised energy usage scenario with attendant benefits such as reduced demand on the grid which will in turn reduce electricity imports whilst at the same time releasing further capacity in the grid.

6.2.5.6. Energy Efficiency Demonstration Projects

The Authority had planned to commence the LED lighting retrofit demonstration project at Chinhoyi Provincial Hospital but this was discontinued during the course of the year due to funding constraints. This project is however expected to be revived upon securing funding.

6.2.5.7. Electric Mobility

The Authority is promoting electro-mobility as part of its mandate to encourage the adoption of clean energy and reduce greenhouse gas emissions. To this end, the Authority submitted a document on Electric Vehicles and Charging Infrastructure; Policy and Regulatory Options to MOEPD. The paper set out requirements for fiscal incentives, infrastructure/ vehicle standards and the need for a coordinated inter-ministerial team to spearhead this exciting project.

The Authority commenced the development of Electric Vehicle charging infrastructure standards ahead of the exciting phase of the introduction of electro-mobility in the country. These standards will ensure quality installation of electrical vehicle chargers to ensure safety. These standards are to be published in 2020. As part of an awareness campaign, the Authority procured a new demonstration electric vehicle that is expected to be delivered in 2020.

6.2.6. Compliance and Enforcement of Regulatory Framework

6.2.6.1 Codes

6.2.6.2. Distribution Code Compliance Audits

The year 2019 marked the second year of the implementation of the Distribution Code compliance audits with one full audit done for the ZETDC Harare Region and three follow-up audits conducted for Eastern, Southern and Western regions after the initial audits done in 2018; Eastern (June 2018), Northern (October 2018) and Southern (November 2018).

Table .12

Distribution Code Compliance Rates 2019			
No.	Region	Compliance Rate (%) 2018	Compliance Rate (%) 2019
1	Eastern	43	60 (Follow-Up)
2	Northern	76	Deferred
3	Southern	50	62 (Follow Up)
4	Western	Not Commenced	67
5	Harare	Not Commenced	63
Average		56.3	65

The audit scope covered several areas that form part of the Distribution Code namely: distribution connection; asset management practices; quality of supply and service; key network operation; operations and maintenance. The Code has no penalty for non-compliance as it is in the Electricity Act which stipulates a level 14 penalty for non-compliance to the Code.

6.2.6.3 Recurrent Audit Findings

The following Audit Findings from 2018 in Table 12 below were still not resolved in 2019. ZETDC has taken measures to address some of the audit findings either in full or partially due to resource challenges.

Table .13

Recurring Audit Findings 2018- 2019		
No.	Recurring Audit Findings	ZETDC Region
1	a) Lack of embedded generator test on regular basis	Northern
2	a) Customer Protection Standards not published	All
	b) Distribution Reliability Indices – Data from Depots yet to be processed into the indices such as CAIFI and CAIDI.	
	c) Installation of Maximum Demand metering for customers from 200kVA upwards outstanding	
	d) Distribution system performance indicators not being availed monthly to the Authority	
	e) Lack of voice recorders for operational instructions	
	f) The engineering instructions are still deficient in many aspects and there is need for a revision to align with current technology and practices	



6.2.6.4. Current Year Audit Findings

The current year audit findings were as follows and were largely common to all the five ZETDC regions:

Table .14

Current Year Audit Findings		Effect
No.	Commercial	
1	i. Lack of customer application processing procedures	Poor customer service
No.	Operational	
2	i. Deficient way leaves clearing	Unreliable supplies
	ii. Lack of numbering of equipment	Possible wrong switching resulting in accidents
	iii. Poor power factor for key customers	High network losses
	iv. Unsecured infrastructure	Electrical accidents
	v. Unsealed meters	Pilferage of power resulting in reduced revenue
	vi. Statutory inspections for installations lacking	Safety of customers compromised
	vii. Voltage unbalance not being monitored	Poor quality supplies and possible damage to consumer equipment
	viii. No reference to standards during procurement and when receiving material	Procurement of sub-standard material
	ix. Earth resistance testing not being done in most regions except Harare.	Compromises operation of equipment and safety
	x. Operational telephone calls are not being recorded and archived for at least a year	Litigation mitigation

6.2.6.5. General Effects of the Audit Findings

Table .15

General Effects of Audit Findings		
No.	Finding	General Effect
1	No approved customer service standards available	Poor customer service
2	No customer protection standards being published	Poor customer service
3	Deficient way leaves clearing	Unreliable supplies
4	Lack of numbering of equipment	Possible wrong switching resulting in accidents
5	Poor power factor for key customers	High network losses
6	Unsecured infrastructure	Electrical accidents
7	Unsealed meters	Pilferage of power resulting in reduced revenue
8	Statutory inspections for installations lacking	Safety of customers compromised
9	No power quality monitoring	Poor quality supplies and possible damage to consumer equipment
10	None submission of key performance indicators	Poor operational performance
11	Voltage unbalance not being monitored	Damage to consumer equipment
12	No reference to standards during procurement and when receiving material	Procurement of sub-standard material
13	Earth resistance testing not being done	Compromises operation of equipment and safety
14	Customer Service Centre (Depot) Operational telephone calls are not being recorded and archived for at least a year	Litigation mitigation
15	All regions yet to implement maximum demand metering at points with capacities greater than 200kVA.	Lack of incentives to improve power factor and reduce network losses
16	Engineering instructions not updated	Lack of operational standards and procedures leading to sub-standard work, accidents and equipment failures.

6.2.6.6 Compliance Notices/Orders Issued and Closed

A total of 21 compliance orders and notices have been issued to ZETDC and NRE and only 29% of these have been closed. It was observed though that some regions of ZETDC have now procured Power Quality meters, conducted staff training and scheduled power quality assessments.

6.2.6.7. Grid Code Compliance Audits

In this second year of the implementation of the Grid Code, compliance audits with one support audit were done for the ZPC Hwange Power Station as well as follow-up engagements with ZETDC Transmission East region after the initial audits done in December 2018. No Grid Code review meetings were conducted during the year.

6.2.6.8. Electricity Sub-Sector Prosecution Cases

Forty-one cases were handled by the Authority of which the offences were for failure to pay the Authority's penalties in contravention of the Electricity (Inefficient Lighting Products Ban and Labelling) Regulations, 2017 published in SI 21 of 2017 and failure to report an accident in contravention of the Energy Regulatory Authority Act [Chapter 13:23]. Amongst those 41 cases, 16 were finalized with fines ranging from ZWL\$25 to ZWL\$200. The remaining 25 remained pending as at 31 December 2019. The Authority will continue to monitor the pending cases to ensure that they are brought to finality.

6.2.6.9. Electricity (Public Safety) Regulations

The Public Safety regulations were introduced in 2018 following numerous reported accidents in the sector involving members of the public as well as utility employees. These regulations criminalise unsafe utility practices as well as those by members of the public.

Two ZETDC employees and the company ZETDC itself were prosecuted during the year in case involving the electrocution of a 13-year-old girl at a farm in Chegutu by a low hanging 11kV live conductor.

This was the first test case in terms of the regulations. These cases were still not finalized by year end but indications were that amendments were required to address shortcomings identified during court proceedings.

6.2.6.10. Monitoring of Sub-standard Electrical Appliances

The Authority conducted market blitzes for substandard wiring cables and 16 samples were tested for compliance in Harare. Only 25% were compliant to the Standards Association of Zimbabwe (SAZ) standards; SAZS 240:1999 (Insulation Thickness) and SAZS 680:1999 part 1 (Resistivity).

The importers did not have a Certificates of Conformity of products as required by SI 132 of 2015 on national standards which stipulate that goods that arrive at a port of entry without valid Certificate of Conformity are not to be imported into the country.

The Authority alerted the Zimbabwe Revenue Authority (ZIMRA which seized and destroyed 4461 cable rolls (100 meter each) as the importers/retailers did not have supporting evidence through Consignment Based Conformity Assessment (CBCA) certificates or exemption for the cables.

Table .16

List of Compliant Cables			
No.	Name	Size	Country of Origin
1	Aberdare Cables	16mm2 x 4C SWA	South Africa
2	M-TEC	16mm2 x 4C SWA	South Africa
3	CBI-Electric	16mm2 x 2C SWA	South Africa



6.3. Economic Regulation of the Petroleum Sub-Sector

6.3.1 Licensed Petroleum Companies (2012-2019)

In the period January to December 2019, the Authority licensed petroleum sector operators as shown in the table below.

Table .17

Petroleum Licensing Statistics, 2012 - 2019								
Licensee Category	Year							
	2012	2013	2014	2015	2016	2017	2018	2019
Retail	229	411	496	594	569	609	638	709
Procurement	48	39	32	31	36	40	63	130
Wholesale	16	6	7	6	7	2	3	7
Blending	5	11	18	16	15	10	11	11
Production	1	2	4	4	3	4	2	1
Total	299	469	557	651	630	665	717	996

The total number of licensees increased over the years since inception with the most significant change being attributed to the retail licensees, which rose from 229 in 2012 to 709 in 2019. The 2019 licensing year recorded the highest number of licenses issued in the Procurement and retail license categories.

6.3.2 Retail Licenses Distribution by Province

The table below shows the geographical distribution of the retail sub-sector operators in the different provinces.

Table .18

Geographical Distribution of Retail Service Stations, 2019	
Province	Number
Bulawayo	74
Harare	247
Manicaland	63
Mashonaland Central	35
Mashonaland East	47
Mashonaland West	76
Masvingo	51
Matabeleland North	26
Matabeleland South	32
Midlands	58
Total	709

The table above shows that Harare had the highest number of petroleum operators in 2019 followed by Mashonaland West and Bulawayo provinces.

6.3.3 LPG Licenses

The table below shows that the number of licensed LPG operators have increased over the period 2015 and 2019.

Table .19

Number of Licensed LPG Operators, 2015 to 2019 (Note this is a Biennial License)				
Licensee Category	Year			
	2015 to 2016	2016 to 2017	2017 to 2018	2018 to 2019
Retail	119	190	245	260
Wholesale	31	33	33	30
Total	150	223	278	290

6.3.4 Prosecution and litigation

In 2019 the Authority handled 71 cases. These cases involved:

- the sale of petroleum products without a licence in contravention of the Petroleum Act [Chapter 13:22];
- the sale of contaminated diesel in contravention of the Petroleum (Fuel Quality) Regulations, 2013 published in Statutory Instrument (SI) 23 of 2013;
- the sale of fuel blended outside parameters in contravention of the Petroleum (Mandatory Blending of Anhydrous Ethanol with Unleaded Petrol) Regulations, 2013 published in SI 17 of 2013;
- failure to submit returns in contravention of the Petroleum Act, and;
- withholding fuel as well as fuel over-pricing which are both provided for by the Petroleum (Petroleum Products Pricing) Regulations, 2019 published in SI 10 of 2019.

Amongst the 71 cases, 46 were finalized with fines ranging from ZWL\$100 to ZWL\$4 000. The remaining 25 were pending as at 31 December 2019. The Police cited challenges in locating and apprehending some of the accused operators who are of no fixed abode. The Authority however continues to engage the NPA so that there is expeditious finality on the cases.

6.3.5. Litigation Cases

The Authority handled four new litigation cases in 2019. One case where an operator challenged the Authority' decision to close its site for operating without a licence was finalized following withdrawal by consent. The other three cases are pending at various stages before the Administrative, High and Supreme Courts.



6.4. Petroleum Sector Infrastructure and Quality Regulation

6.4.1. Fuel Retail Sites Inspection

Fuel sites monitoring for infrastructure standards compliance was conducted at 526 fuel sites against a target of 536 inspections for 2019. This was a 6% drop against the 2018 performance in monitoring activities as some retail sites, especially the small ones remained closed for the greater part of the year due to lack of product.

A total of 42 fuel retail sites failed to meet the minimum compliance rate (70%) for licensing at their first pre-licensing inspection in the year. During the follow up inspections 78.6% of them achieved the minimum standards and were recommended for licensing. Six sites failed to rectify observed defects; had their licence applications rejected and they were ordered to stop operating, an order to which they complied.

6.4.2. LPG Retail Sites Inspections

During the year, 314 LPG retail sites were inspected against a target of 236 sites. An increase in compliance to standards of 9% from 71 % in 2018 to 80% in 2019 was observed, thanks to increased standards and awareness training conducted in 2019. Twelve illegal LPG operators were ordered to cease operations and were prosecuted in 2019.

6.4.3. Fuel Quality Monitoring

The Authority tested 761 samples of petrol, diesel and LPG in 2019, detecting three failures resulting in a compliance of 99.3% compared to 98.3% in 2018.

The three quality failures in 2019 concerned two retail sites in Masvingo and one in Mutare caught selling

petrol blended above authorized parameters. The three companies were prosecuted and paid fines ranging between ZWL \$2 000 to ZWL\$ 4000.

There was a 20% increase in ethanol supply from 57.7 million litres in 2018 to 63.3 million litres in 2019 resulting in an average blending ratio of 18% in 2019. This is the highest blend ratio ever achieved since mandatory blending of petrol with ethanol began in 2013. Save for the three violations above, all retail sites were monitored and found selling fuel consistent with the blending level at the given time.

6.4.4. Petroleum Standards Awareness

There was a 55% increase in petroleum standards training from 488 operators trained in 2018 to 754 operators trained in 2019. The demand for LPG training was very high in the year led by Zuva Petroleum who targeted to have all their LPG fillers trained by ZERA. By the end of the year, Zuva had seconded 317 LPG fillers countrywide for ZERA training contributing 42% to the total number of fuel operators trained in the year. Employees of companies such as Quality Gas, Jeisa, Enviro Gas and TM Gas also attended the ZERA training workshop on LPG held across the country. As a result of the training, the level of safety and standards awareness is very high among licensed LPG retailers resulting in no accidents or incidents reported in their operations.

6.4.5. Standards Development and Review

ZERA worked with SAZ to successfully review three petroleum industry standards:

Table .20

Standards Development	
Standard	Reason for Review
ZWS 341 – The Storage, Transport and Handling of Small Quantities of Flammable Liquids	<ul style="list-style-type: none"> Standard referenced in the proposed Petroleum (Liquid Fuels Licensing, Inspections and Compliance) Regulations. Guidelines useful in enforcing regulations against illegal fuel vendors and unsafe handling of fuel products.
ZWS 970 – Fuel Retail Sites Guidelines and Requirements	<ul style="list-style-type: none"> To simplify construction guidelines for service station construction consultants and engineers. Review and align safety distances in ZWS 970 service stations guidelines with those in ZWS 913 standards for drainage, pipework and tank burial.
ZWS 753 - Specifications for Unleaded Petrol	<ul style="list-style-type: none"> To reduce vapour Pressure as well as manganese, benzene and sulphur content of petrol for blending in line with regional drive for cleaner fuels and to improve operational efficiency of fueling systems in hot weather.

6.5 Finance, Administration and Institutional Systems



*An energy efficient model office taking shape
...ZERA Head Office*

6.5.1. Financial Overview

A total historical income of ZWL\$40,843,823 was recognised in 2019, of which 79 % related to the electricity levy, 9% to electricity and fossil fuels license fees and 12% to other income, whilst the inflation adjusted income was ZWL\$75,765,094. Income for the year ended 31 December 2019 increased by 213% compared with the income for the year ended 31 December 2018 from ZWL\$13,062,827 to ZWL\$40,843,823. The budgeted historical income for 2019 was ZWL\$22,696,900.

Expenditure for the year ended 31 December 2019 increased by 332% compared with the expenditure for the year ended 31 December 2018 from ZWL\$8,562,176 to ZWL\$36,967,789. The total historical expenditure amounted to ZWL\$36,967,789 out of which 51% related to Administration Overheads, 44% to Employee Costs, 3% Corporate Social Responsibility and Donations and 2% Depreciation.

Of the total operating expenditure of ZWL\$36,967,789, it should be noted that ZWL\$17,154,080 related to Employment costs whose breakdown was ZWL\$16,272,765 for Salaries and Allowances and \$881,315 for other employees related costs. The inflation adjusted expenditure was ZWL\$77,148,306. Other employee related costs include staff training; leave pay provision; statutory obligations; pension contribution; group life cover and medical aid. The budgeted historical expenditure for the year ended 31 December 2019 was ZWL\$22,674,566.

Operating Surplus for the year ended 31 December 2019 decreased by 14% compared with the surplus for the year ended 31 December 2018 from ZWL\$4,500,651

to ZWL\$3,876,035. The budgeted historical operating surplus for the year ended 31 December 2019 was ZWL\$ 22 334. Capital expenditure for the year ended 31 December 2019 increased by 39% from ZWL\$4,309,796 to ZWL\$20,926,526 compared with the same period in 2018. Of the expenditure, 89% related to the ZERA Head Office construction works. The budgeted historical capital expenditure was ZWL\$110,871,761.

In terms of the Energy Regulatory Authority Act, ZERA is required to remit to Rural Electrification Fund (REF), the surplus from the electricity revenue account. The account recognized a historical loss of ZWL\$2 023 733, hence no remittances will be made to REF as compared to a surplus of ZWL\$1,492,116 in 2018. The appointed External Auditors, independently audited the financial statements for the year ended 31 December 2019, and the Auditor's opinion is in the audited financial statements section.

6.5.2. Administration Overview

The construction of the ZERA Head office, which commenced officially on the 12th of February 2018 and was targeted for completion on the 31st of August 2019, could not be completed on time. The construction project, at 65% at the end of December 2019, is now more than twelve months behind schedule. The project was, until end of last year, delayed mainly due to incessant power and water cuts, the general increase in prices of building materials and funding problems.

6.5.3. Quality Management Systems: ZWS ISO 9001:2015

Following the development and implementation of the ZWS ISO 9001:2015 Quality Management System (QMS) at ZERA Head office, the Authority was certified by SAZ in February 2019. The Authority continued with the implementation of the QMS standard through the year by conducting employee awareness; internal quality audits and management reviews as per the standard.

In November 2019, SAZ conducted the first ZERA QMS surveillance audit and recommended that the Authority retains the certification. The Authority is continuing to review its processes to achieve continual improvement; increased responsiveness to consumers and stakeholder needs; risk focus and increased use of information technology.



6.6. | Human Resources Overview



A motivated and inspired team is a key enabler of excellent service delivery.

6.6.1. Head Count

The Authority's most valued resource is its robust, highly skilled and professional employees. The dashboard of the members of staff in 2019 is as follows:

Table .21

Headcount					
Department	Budget	Establishment			Budget
		Total Recruited	Male	Female	
CEO's Office	5	4	2	2	1
Internal Audit	3	2	1	1	1
Legal	7	7	3	4	0
Consumer Services	4	4	2	2	0
Communications and Public Affairs	2	2	1	1	0
Technical (Petroleum and Electricity)	19	18	16	2	1
Economic Regulation	11	9	6	3	2
Finance and Admin	16	15	6	9	1
Procurement Unit	3	2	2	0	1
Totals	70	63	40	23	7

The headcount as at 31 December 2019 was 63 against a budget of 70 resulting in a vacancy rate of 10%. In addition to the 63 permanent staff, the Authority had nine student interns, ten fixed term contract staff members and nine graduate trainees.

6.6.2 Gender Mainstreaming

During the period under review, female employees accounted for 37% of head count. The Authority is continuously striving to recruit the best employees in vacant positions and will endeavour to strike gender balance based on merit.

6.6.3 Organisational structure

The Authority adopted a strategy supportive structure which enables it to attain maximum performance in order to achieve its mandate and remain competitive in the energy sector regionally and internationally. The Authority's priorities are to keep the organisational structure filled at a minimum of 95% capacity at all times, as well as to further upskill employees through training and development interventions. The two Regional Offices in Mutare and Bulawayo have increased access and reach to all stakeholders and clients around these areas.

6.6.4 Employee performance and turnover

The Authority is committed to excellence and recognising talent. In this area performance monitoring was done on a quarterly basis with constructive feedback to all employees. The Authority witnessed two exits during the year due to voluntary turnover. The turnover was 3% of head count. The Authority is committed to attracting and retaining the right skills to execute its mandate.

6.6.5 Employee Engagement

The Authority achieved an engagement level of 65% and has commenced the process of addressing six areas which had scored less than 65% to try to bring the overall employee engagement to beyond 65%. By the end of the year, implementation of intervention strategies had begun for four of the six areas that were identified in the survey as needing action.

6.6.6 Training and Development and Talent management

The Authority is committed to talent management through capacity building. In this regard, the number and quality of programs were increased in line with the goals and objectives. The main focus was to build talent in renewable energy for sustainable development. Despite the escalation in the cost of programmes, the Authority achieved 82.55% of budgeted programmes. In addition to building capacity through Training and Development, the Authority engaged eight graduate trainees as a talent pool and 11 student interns from different universities. This enabled the Authority to develop skills within the regulatory environment by providing on-the-job training in order to create a pool of potential candidates for engagement at the appropriate time.

6.6.7 Employee relations

The Authority enjoyed cordial relations as discussions on business performance and issues affecting employees such as pay and benefits, supporting work-life balance and safe working conditions were given priority in 2019. Continuous communication with employees on issues of mutual interest is highly valued. Five Works Council meetings were held. There were no work related accidents in 2019.

6.6.8 Employee Wellness

The Authority introduced wellness programmes which helped in creating awareness amongst its employees on how important it is to have good health in terms of mind and body. The Authority employees participated in physical fitness exercises, soccer and golf. The football team participated in the Parastatals League and finished the season second out of 16 teams.

During Cancer Month, employees went for cervical and breast cancer screening at the Cancer Association of Zimbabwe while healthy living presentations were made and related tests were conducted on World Diabetes day. A presentation on retirement planning was also held so as to prepare employees for retirement. The National Social Security Authority (NSSA) conducted an Ergonomics Assessments for all Head Office and Regional Office staff members and a report was circulated to all staff members for implementation.



6.7. | Consumer Engagement and Education



Consumer engagement is key in addressing myths, rights and responsibilities... Cowdry Park, Bulawayo

6.7.0. Engagement strategy

During the year, there was a structured engagement of Consumer Groups such as Confederation of Zimbabwe Industries (CZI), Chamber of Mines Zimbabwe (CMOZ), Zimbabwe National Chamber of Commerce (ZNCC), Local Authorities, Farmers Organizations and Residents Associations. The residents' associations of Bulawayo, Harare, Mutare and Masvingo served as springboard for the consumer education and awareness outreach programs.

ZETDC and Consumer Council of Zimbabwe (CCZ) remained key stakeholders in the execution of the awareness programs. Given the volatility of the environment created by the shortage of electricity in 2019, the engagements by the Authority enabled ZETDC to take advantage of engagement efforts and to interface with electricity consumers.

6.7.1. Regional Consumer Education Outreaches

In 2019, a total of seven Consumer Education and Awareness outreach programs were implemented in Bulawayo metropolitan, Mutare, Mutambara Mission (Chimanimani), Victoria Falls and Binga. The Bulawayo Metropolitan, Mutare and Mutambara Mission engagements, were comparatively low cost engagements.

A total of 2,074 consumers, students & teachers were reached during the engagements, whose aim was. Use of Energy in the Home.

A summary of recommendations from the above engagements and agricultural shows have been compiled and made into a reference document for follow up and closure of the issues raised.

6.7.2. Quarterly Stakeholder Meetings

Eight scheduled quarterly meetings comprising of four with Confederation of Zimbabwe Industries & Chamber of Mines (CZI-COMZ) and another four with Farmers and ZETDC were held in 2019.

6.7.3. Consumer Complaints and Dispute Resolution

A total of 138 complaints were handled in 2019. Of the 138 complaints, 115 were from the petroleum sector whilst 23 were from the Electricity Sector. The complaints from the petroleum sector were mainly emanating from the scarcity of fuel, which caused consumer expectations and made service delivery by licensees to be subjected to the microscope by consumers.

Of the 138 complaints handled in 2019, 130 were resolved which is 94% resolved cases for 2019 against a target of 75%. This achievement was attributed to enhanced cooperation of both consumers and service providers.

Table .22

Consumer Complaints					
Case/Complaint Related to	# Of Cases	Nature/Class/Category of Cases	Resolved	Success Rate	Deferred
Contamination	13	Petrol- Blending levels	13	100%	
Adulteration	11	Diesel with paraffin	11	100%	
Over Blending	8	Ethanol above recommended threshold	8	100%	
Knowledge Hiding	33	Withholding of product and information	33	100%	
Ambiguous Operations	21	Unfair treatment of consumers	21	100%	
Mode of Payment Restriction	12	Consumer rights violation	12	100%	
Unethical Business Practices	4	Accepting bribe for favours Deliberate deception	4	100%	
Illegal Practices	1	Operating without authorisation	1	100%	
Billing	11	Electricity post-paid meters	10	91%	1
Delayed Connection	20	Paid but delayed connection for over 6 months as per contract	13	65%	7
Poor Service Delivery	4	Electricity - 2 Petrol - 2	4	100%	
Total	138		130	94%	8

Enhanced and focused reporting on both consumer complaints and Client & Stakeholder Service Charter led to increased performance against set standards which resulted in enhanced turn around time of customer complaints and service delivery.

Going forward, it is believed that there is need to develop more subsidiary legislation for both electricity and petroleum sectors in order to enhance consumer protection and improve customer care and service delivery.

6.7.4. Consumer Initiated Conferences and Networking initiatives

Twenty-nine Consumer Initiated engagements were attended by ZERA in 2019. Notable engagements were the ZNCC Business Review held in December 2019, and ZNCC Annual Congress held in June 2019.

ZERA attended all consumer-initiated engagements to not only cement the relationships with consumer groups, but also to understand their business strategies, operations and how they were affected by the Energy Supply Industry and the attendant regulatory policies.

6.7.6 Internal Staff Customer Care Training

A total of 28 employees attended a Customer Care training meant to equip the Authority for the crafting of the stakeholder engagement code in line with ISO 10001-3.



Consumer education and awareness in Binga



6.8. | Communications and Public Affairs



Energy Journalists tour Riverside Solar Power Station in Mutoko

6.8.0. Public Perception on Service Delivery

The Authority endeavours to serve the public in an effective, respectful and efficient manner. As part of being responsive, clients who physically visited the ZERA Head Office had an opportunity to rate the service delivery rendered upon leaving the offices from Quarter 2 of 2019. The benchmark target is 75% and the Authority met it as shown below:

Table .23

Clients Perception Feedback								
Overall Annual Group Performance for 2019								
Question	Q2		Q2		Q4		Overall 2019	Traffic
How would you rate the service you received today?	95%	159	69%	481	66%	290	76.67%	930
Did you get the assistance you required?	93%	148	64%	420	64%	271	73.67%	839
Were you served courteously or with respect	95%	143	69%	415	67%	274	77.00%	832
Were you served timeously or in good time	87%	142	64%	411	67%	264	72.67%	817
Overall Quarter Performance	92.42%	592	66.34%	1727	66.00%	1099	75.00%	3418

The feedback gadgets were only at the Head Office and plans are in place to install them at the two regional offices of Bulawayo and Mutare in 2020.

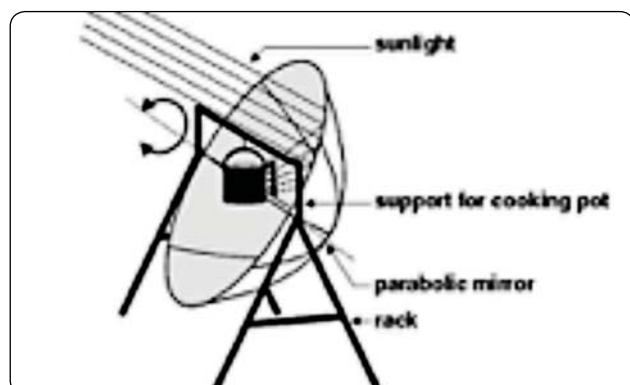
6.8.1. Stakeholder Engagement and Exhibitions

The Authority participates in national, provincial and strategic exhibitions countrywide. The objective is to educate, empower and influence energy consumption behaviours among consumers and marketing energy investment opportunities.

In 2019, the Authority showcased its services and products to the public at the Zimbabwe International Trade Fair (ZITF) in Bulawayo; Matabeleland North Show in Hwange; Mashonaland Central Show in Bindura; Manicaland Show in Mutare and the Zimbabwe Agricultural Show (ZAS) in Harare. The major issues that came from all the exhibitions include:

- i the need for transparency on fuel pricing;
- ii need to raise awareness and reassure the public that blended fuel is safe and economic;
- iii explain regional fuel pricing formulae
- iv consider regulating LPG prices and to continue promoting its uptake and safe use;
- v promote and fund energy related organic research initiatives;
- vi devise a strategy to manage unlicensed LPG retailers;
- vii increase awareness and uptake of renewable and alternative forms of energy for domestic use;
- viii increase awareness of all forms of energy and opportunities on radio, road shows, television and social media;
- ix promote production of solar energy products e.g. PV system components and parabolic solar cookers;
- x increase fuel quality monitoring and general inspections at all fuel sites across the country and
- xi promote women in energy participation and investment.

During the 2019 exhibitions, the parabolic solar cooker was the main attraction due to its simplicity and efficient use of clean energy. The major challenge, however, was the cost. Efforts will be made to challenge the engineering and manufacturing sector to produce a locally adapted version which is affordable.



Solar Parabolic Cooker Concept



Solar Parabolic Cooker demonstration at Bindura Agricultural Show

6.8.2. Media Engagement

Media engagement remained cordial during the year with articles being largely objective. The Authority responded to 45 media enquiries whose subjects cut across all the energy facets. The Authority was also directly and indirectly cited, referenced to and quoted in 271 news articles and clips during the year. About 75% of the articles where the Authority was cited were in a positive and objective tone. However, instances of sensational reporting, particularly on the fuel supply situation, were noted and these were amicably addressed.

The Authority organised the first Energy Journalism workshop which was attended by 59 journalists drawn from all the provinces representing all the media channels and media houses in the country. The objective was to orient media practitioners on fundamentals of energy generation, transmission, transportation, distribution and regulations in particular. The training included a tour of Riverside Solar Energy Plant by the journalists in Mutoko. After the training, there was a marked improvement in terms of quality reportage and balanced media stories. Plans are underway to hold the Energy Journalism Workshop on an annual basis.

6.8.3. Information, Education and Communication

The Authority activated the Energy Talk program on Radio Zimbabwe and 16 programs were flighted focusing on key issues such as public safety regulations, solar energy equipment and technical aspects; LPG safe use and bio digester technology. Other segments of the Energy Talk programs were flighted on CapiTalk FM, Skyz FM and Diamond FM community radio stations. A WhatsApp database of consumers was created and the Authority broadcast key public messages to these contacts who further share with their contacts, thus increasing the reach of authentic messages on energy.



6.8.4. Online and Social Media Communication

The Authority revamped its website to meet the global trends of an interactive site. The website is now user friendly and easier to navigate. All the key documents and reference materials were uploaded to serve as the first port for consumers, investors, licensee and media enquiries.

The Authority also revamped its social media presence and developed a content action plan. This saw the followers on Twitter increasing from 3,800 in January 2019 to 11,410 by end of December 2019. The exponential growth was due to strategic content generation and posting which was consistent every week. The Authority's Twitter handle is followed by key influencers who include policy makers, bankers, media houses, investors, legislators, the public and licensees. The Authority also maintained presence on other social media platforms which are Facebook and YouTube.

6.8.5. Corporate Social Responsibility

The Authority continued to support undergraduates studying engineering related programs at state universities under the scholarship program. From the 14 that were rolled over from the previous years, four of the students graduated - two from University of Zimbabwe, one from Harare Institute of Technology (HIT) and one from Midlands State University (MSU).

The ratio of the remaining students under the scholarship program is now five female and five male students. Due to financial challenges, the Authority did not recruit any new students under its scholarship program during the 2018/2019 academic year. Efforts are however underway to invite students to apply for the next round of scholarship programs for the 2020/2021 academic year.

The Authority officially handed over the donation of a multi-seat technology server to the Harare Institute of Technology Library and Information Services. The multi-seat technology system is made up of 17 thin clients capable of multi-tasking. Prior to the donation, HIT had a multi-seat with 10 thin clients serving 2,000 students. The donation enabled students and staff to access and use online and offline digital resources for research and learning purposes.

6.8.6. Awards and Recognitions

Despite the numerous challenges experienced in the energy sector, the Authority's efforts were duly recognised by different institutions. The awards and recognition for the Authority include:

- i. MegaFest 2019 Leadership of the Year Award (Mr E.T Mazambani)
- ii. MegaFest 2019 Outstanding Leader in Engineering (Eng. M. Siyakatshana)
- iii. Best Secretary (Parastatals) ASPAZ Secretaries Awards (Yvonne Govere)

- iv. Public Services Award: Consumer Services Award 2019 (Consumer Services)
- v. PRCZ Crisis Reputation Management Award (Communications Department)

6.8.7. Industry Related Monitoring and Tours

The Board toured the solar projects in Matabeleland South Province which are the 100MW ZPC Gwanda Solar Project and the 99kW Mashaba Community Project also in Gwanda during the year. At the Mashaba Solar Project, the ZERA Board was shown a mini grid system that has transformed the community. The decentralised mini-grid system supplies power to two health centres, three irrigation schemes; five business centres; a school and a study centre. The Board Chairperson remarked that such projects should be replicated in all communities given the abundant solar resources countrywide. Other tours were also made to Centragrid Solar Project in Nyabira and Harava Solar Project in Seke communal area.

6.8.8. Regional Integration

The Authority continued to participate and contribute to the region's development of energy regulations and best practises through the Regional Electricity Regulatory Association of Southern Africa (RERA). The Authority participated in the RERA's various committees which include legal; technical; petroleum; governance; communications and consumer services. In these committees, development and consolidation of regional standards, regulations and best practises is done and ratified at the annual general meeting. The Authority is also a member of AFUR and RAERESA. However, due to financial challenges, the Authority only attended the RERA meetings during the year.

7.0 | Industry Performance Monitoring

Adequate supply of energy services and products is one of the Authority's key mandates. Monitoring of the sector was duly conducted with non-compliance noted and brought to the attention of the licensees for immediate attention.

7.1.1 Overall Sources Of Energy 2019

The total energy delivered to the transmission system for 2019 was 8,719 GWh against 10,178 GWh delivered in 2018. This represents a 14% decrease in supply.

Table .24

Energy Delivered to ZETDC					
	YTD 2018 GWh	YTD 2019 GWh	YTD Variance (%)	ZERA Target GWh	ZERA Variance (%)
Total Energy Delivered Transmission (GWh)	10, 178	8, 719	-14%	8, 760	0.47%

The decrease in 2019 energy supply is attributed to the decrease in production at Kariba South Power Station which declined by 24%. Kariba Power Station however remained the dominant supplier at 45% contribution. Other contributions were as follows: Hwange 34%; Imports 18%, small thermal power plants' 2% and IPPs at 1%. Output from Hwange Power Station also declined by 8% compared to 2018. Both HCB and DAM imports increased significantly in 2019.



Table .25

Energy Sources 2019 and 2018				
Source	2019 Supply GWh	2018 Supply GWh	Difference (GWh)	Variance (%)
Kariba	4, 095.6	5,377.3	-1,281.7	-24%
Hwange	3, 138.1	3,425.8	-287.7	-8%
Bulawayo	51. 7	88.0	-36.3	-41%
Munyati	84. 6	81.3	3.3	4%
Harare	75.8	66.3	9.5	14%
Nyamingura	4.0	5.6	-1.6	-28%
Pungwe A	8.5	13.7	-5.2	-38%
Duru	4.0	8.0	-4.0	-50%
Pungwe B	35.9	86.4	-50.5	-58%
Hauna	4.3	0.0	4.3	100%
Riverside Solar	4.7	0.0	4.7	100%
Pungwe C	8.2	13.4	-5.2	-39%
Tsanga B	0.5	0.0	0.5	100%
Claremont	1.6	1.7	0.0	-2%
Dema	0.0	0.2	-0.2	-100%
Chisumbanje	5.0	29.4	-24.4	-83%
Kupinga	3.3	10.6	-7.3	-69%
ZESCO	1.1	0.0	1.1	100%
ESKOM	898.7	1,034.5	-135.8	-13%
HCB	519.8	436.0	83.8	19%
DAM Imports	235.0	17.0	218.0	1283%
Total Supply	9,180.5	10,695.1	-1,514.6	-14%
DAM & Nampower Exports	461.4	516.9	-55.5	-11%
Net Supply	8,719.1	10,178.2	-1,459.0	-14%

The total energy sent out from ZPC owned power stations decreased by 17.61% from 9,037 GWh in 2018 to 7,445.80 GWh in 2019 mainly due to the decreased water allocation at Kariba and infrastructure challenges at Hwange Power Station. ZPC failed to meet the capacity threshold set by ZERA by 20%. The individual contributions from the generating stations is as depicted in Graph 2.

71.2 Analysis of ZPC Performance

Figure 2

ZPC Energy Sent Out

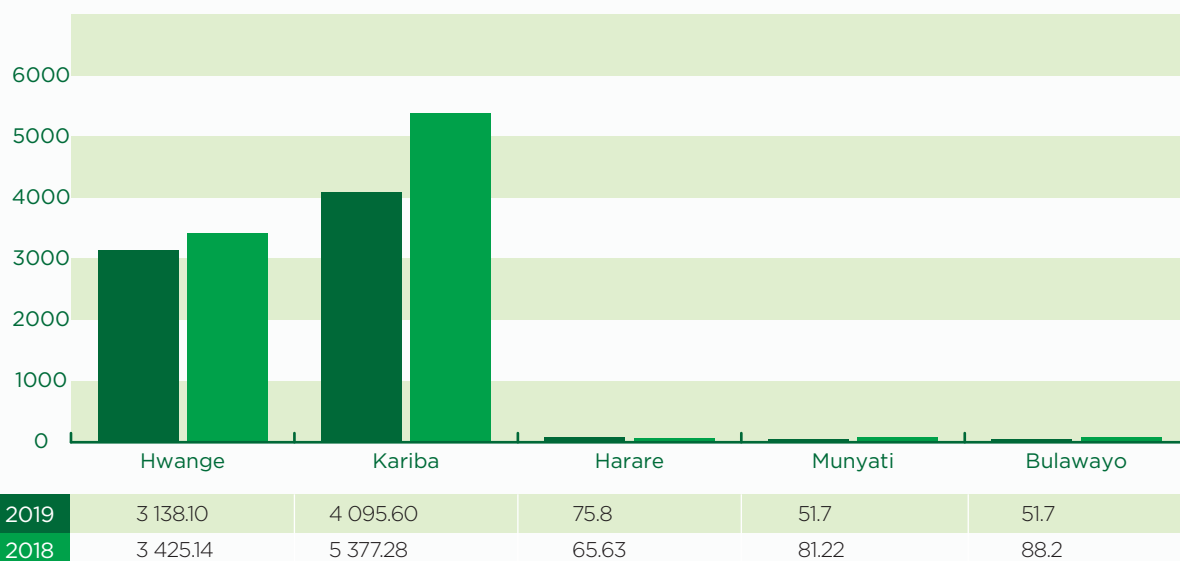


Table .26

ZPC Plant Availability Factor

Plant	Plant Availability				
	Actual 2019	Actual 2018	ZERA Target	Variance	2018/2019 Variance%
Hwange Power Station	57	66	75	-24%	-14%
Small Thermals	37	44	70	-47%	-16%
Kariba Power Station	88	94	90	-2%	-16%

Numerous forced outages, prolonged outages, boiler tube leaks and low diesel stock levels constrained plant availability and led to forced outages. Liquidity challenges also hampered procurement of spares as well as operations. Recurring plant problems as a result of unidentified root causes remain the key issues affecting plant availability.

Table .27

ZPC Plant Efficiencies

Plant	2019 Actual	2018 Actual	ZERA Target	Variance	2018/2019 Variance%
Hwange Power Station	27	29	30	-10%	-7%
Small Thermals	20	20	20	-0%	0%
Kariba Power Station	93.4	94	95	-2%	-1%

Inadequate plant maintenance remains a major driver towards plant inefficiency.



Table .28

ZPC Plant Trip (UAGS)					
Plant	2019 Actual	2018 Actual	ZERA Target	Variance	2018/2019 Variance%
Hwange Power Station	78	87	6	-1183%	11%
Small Thermals	15	18	3	-400%	17%
Kariba Power Station	25	11	9	-178%	-127%

A significant decrease in the number of trips was recorded at Hwange power station in the year 2019 compared to the same period in 2018. Unit trips remain a key area of concern due to their contribution to poor system performance and the associated cost of restarting the units in order to supply load to the grid.

7.1.3 Independent Power Producers Performance

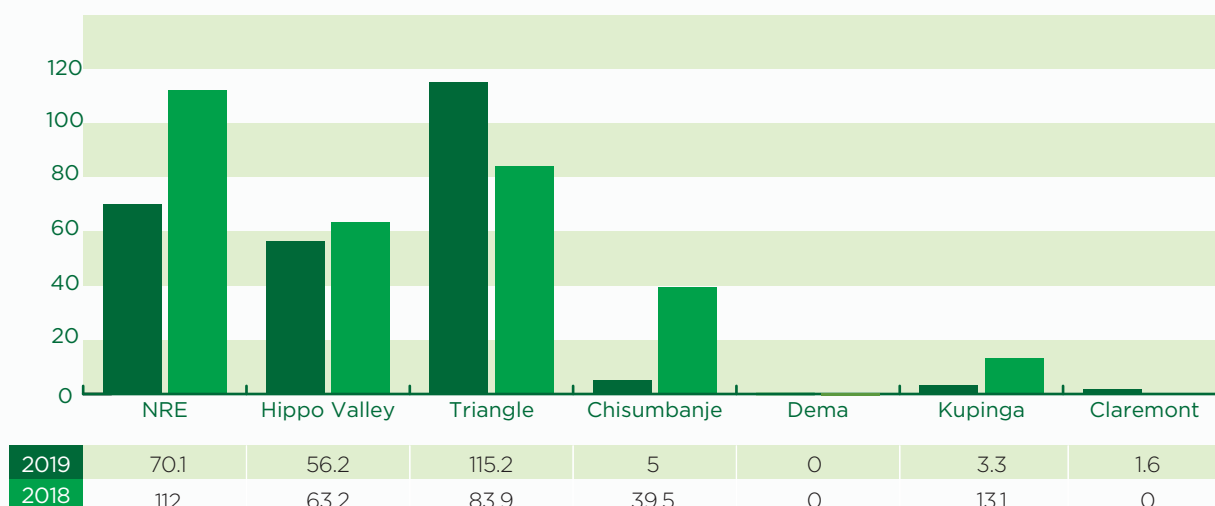
IPPs generation decreased by 19% from 311 GWh in 2018 to 251.4 GWh in 2019 mainly due to water challenges at hydro plants while Dema did not generate. IPP production remained about 3% of local production. The following table summarises the total annual production of IPPs over the period 2015 through to 2019:

Table .29

IPP Energy Production						
Producer	Technology	Production (GWh)				
		2019	2018	2017	2016	2015
NRE	Mini-hydro	65.3	112	111	69.8	51.4
NRE Riverside Solar	Solar	4.7	4.79	-	-	-
Hippo Valley Estates	Biomass	56.2	63.2	0	53.1	34
Triangle Limited	Biomass	115.2	83.9	3.33	181	87.5
Border Timbers	Biomass	-	-	-	-	-
Chisumbanje	Biomass	5	39.5	10.8	2.72	6.5
Dema Emergency Peaking Power	Diesel	0	0.15	48.2	203	-
Kupinga	Mini-hydro	3.3	13.1	7.9	-	-
Claremont	Mini-hydro	1.6	1.68	0.4	-	-
Centragrid	Solar	0.005	-	-	-	-
Total		251.4	311	182	509	179

Figure 3

IPP Energy Sent Out GWh



7.1.4 Transmission and Distribution

7.1.4.1. Transmission Quality of Service

i. **Supply Interruptions** - Supply interruptions in 2019 were 125 against a target of 120. This resulted in a negative performance of 4% below target.

ii. **Average System Minutes** - The system recorded average system minutes of 190 during the period under review against 2018's recorded average of 208 minutes. The performance had a positive of 37% relative to the target of 300 minutes.

iii. **SAIDI** - The yearly average duration of interruptions was 105 minutes against a target of 120 minutes. This represented a 12% positive performance.

iv. **Transmission Unserved Energy** - Energy undelivered due to transmission losses in 2019 resulted in 5.39 GWh being lost. This translates to revenue loss of ZWL\$ 8,737,190 based on the approved tariff of ZWL162.1 c/kWh in October 2019.

v. **Voltage Excursions** - Voltage excursions have been unabated throughout the year. A total of 750 Voltage excursions have been recorded in 2019 against a target of 168 and these are attributed to system faults, lack of compensating equipment especially during off-peak periods when the system is lightly loaded and switching operations.

Table.30

Transmission Quality of Supply Parameters

Description	2019	2018	2017	Target	Variance-2019/ Target (%)
Number of Interruptions	125	110	125	120	-4%
Average duration of interruptions (minutes) - SAIDI	105	204	94.5	120	12%
Unserved Energy (MWh)	5.39	8.46	4.03	7.5	28%
Voltage excursions	750	298	288	168	-346%



7.1.4.2. System Disturbances

In the last two years, 2018 and 2019, no SAPP induced system disturbances were recorded.

7.1.4.3. Distribution Quality of Service Analysis

The total faults recorded in 2019 was 134,526 against 136,104 recorded in 2018. This represents a 1% decrease in the faults recorded. Most of the faults are a result of acts of vandalism and theft of both transformer oil and conductors.

Table .31

Distribution Quality of Service Parameters			
Description	YTD 2019	YTD2018	YTD Variances %
Number of faults	134,526	136,104	-1%
Average arrival time at a fault urban (minutes)	324	276	-17%

7.1.4.4. New Connections

The active customer base was 754,162 at the end of 2019 up from 753,275 in 2018. There was an increase in the number of customers paid but unconnected at 14,320 in December 2019 compared to 12,477 in December 2018. This has been attributed to ZETDC failing to supply connection cables and other accessories.

Table .32

Customer Connections			
Description	YTD 2019	YTD 2018	YTD Variances % 2019/18
New connections	22,665	27,247	-16.8%
Active customer base	754,162	753,275	0.1%
Customers paid but not connected	14,320	12,477	14.8%

7.1.4.5. Power Quality

The Authority has directed ZETDC to report on Power Quality parameters measured in the distribution network. The utility has responded positively by procuring Power Quality meters and the submission of power quality reports is expected to commence in 2020.

7.1.4.6. Transmission/Distribution Operational Efficiency Losses

The overall yearly transmission and distribution losses were estimated at 3.74% and 12.5% respectively aggregating to 16.24% against a ZERA target of 12%. ZETDC is still working on the statistical metering project in-order to be able to accurately capture loss data.

Table .33

Losses in Transmission and Distribution					
Losses	2019	2018	ZERA Target	2019/2018 Difference	2019/ Target% Difference
Total	16.24%	16.75%	12%	0.51%	-4.24%

7.1.4.7. Distribution Energy Sales

Annual Energy sales decreased by 9% from 8,505 GWh in 2018 to 7,751 GWh in 2019. Energy sales were below the Authority's target of 8,760 GWh and this translates to a negative variance of 2.9%.

Table .34

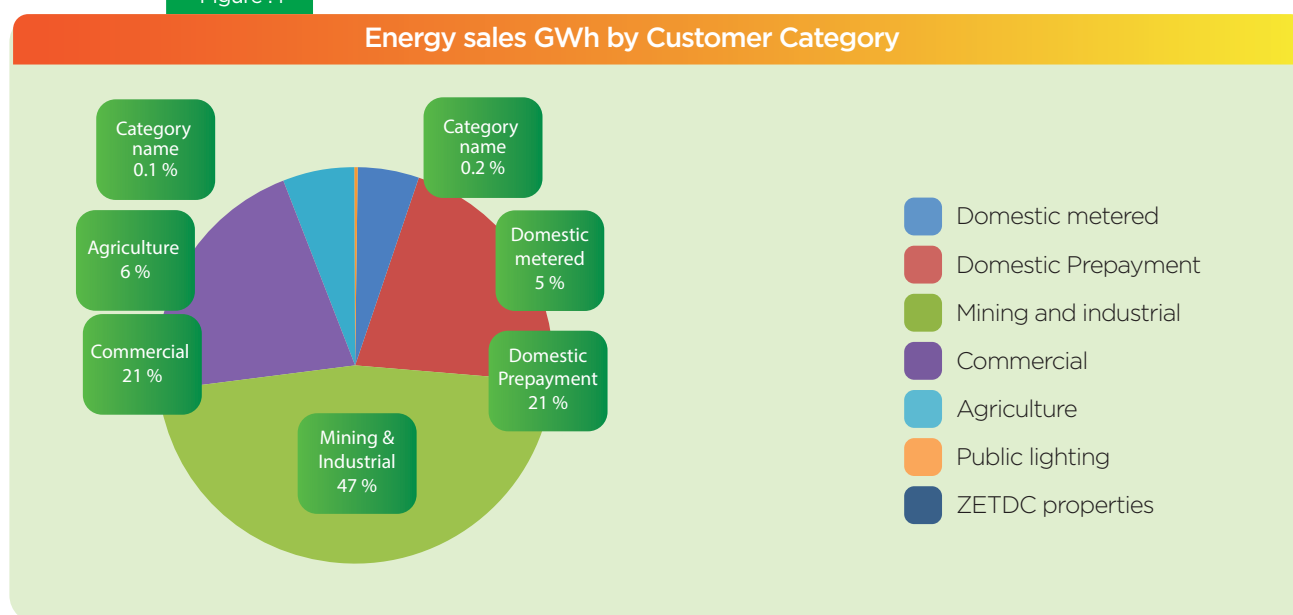
Total Energy Consumption					
	YTD 2019 GWh	YTD 2018 GWh	YTD Variance %	ZERA Target	ZERA Variance %
Distribution Sales (GWh)	7,751	8,505	-8.87%	8,760	-11.52%

The decrease in consumption has been attributed to decreased supply that has impacted capacity utilisation in all sectors which registered double digit percentage decreases (table 35 below).

Table .35

Energy Consumption Per Sector Between 2018 and 2019			
Consumption GWh	2019	2018	2018/ 2019 variance
Domestic metered	382.91	425.25	-9.96%
Domestic Prepayment	1,604.31	1,940.841	-17.34%
Mining and Industrial	3,684.47	3,731.994	-1.27%
Commercial	1,603.69	1871.1	-14.29%
Agriculture	439.79	510.3	-13.82%
Public lighting	24.40	8.505	186.86%
ZETDC properties	12.31	17.01	-27.63%
Total	7,751.88	8,505.00	-8.87%

Figure .4





7.1.5 REF Projects Review/Assessments

One hundred and thirty-four institutions were electrified through grid extension and six biogas digester projects were commissioned during 2019

Work was in progress on:

- Grid extension lines leading to 319 institutions and;
- 4 biogas digester plants

Table 36 below shows the statistics of the 134 institutions that were electrified and handed over to ZETDC, while Table 37 shows the scope of works completed under the fund.

Table .36

Statistics of Institutions Electrified 2019										
Institution	Primary School	Secondary School	RHC/ Clinic	Govt Ext Offices	Chief	Bus Centre	Farm	Village	Other	Total
Total	30	11	7	8	5	21	19	11	22	134

Table .37

Grid Extension Projects: Scope of Works Completed 2019							
	Completed Scope of Works				Value of Completed Scope (ZWD)	Value of Outstanding Works in Progress (ZWD)	Total Value (ZWD)
	33KV LINE (km)	11KV LINE (km)	MV LINE (km)	Capacity Installed (KVA)			
Total	85.53	114.83	45.29	3676	20,688,666	46,451,652	67, 140,321

7.1.6. Industry Related Accidents

i. Statistics

Fifty electrical accidents were recorded during the year, 28% down from 70 recorded in 2018, however the number of accidents increased in ZETDC's Northern region by 57%. Thirty of these accidents were fatal and involving the public, whilst a single fatal accident included a member of staff.

Table .38

Industry Related Statistics										
	Status		Member		Livestock	ZETDC Region				
	Fatal	Non Fatal	Public	Staff		Harare	Northern	Eastern	Southern	Western
2019	31	19	37	10	3	11	22	5	7	5
2018	43	27	48	14	8	19	14	7	17	13
% Change	-27.9	-29.6	-22.9	-28.6	-62.5	-42.1	+57.1	-28.6	-58.8	-61.5

Figure .5

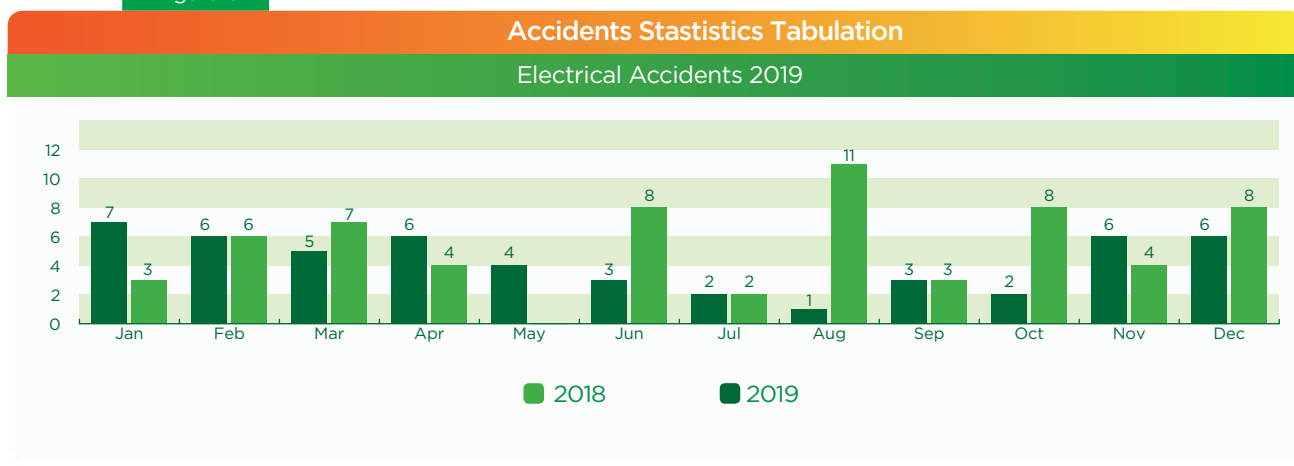


Table .39

Causes of Accidents		
No	Category	%
1	Theft and Vandalism on electricity infrastructure	13%
2	Infrastructure collapse	32%
3	Unsafe operations by employees	23%
4	Unsafe /practices operations by the public	32%
	Total	100%



7.2 | Petroleum Industry Performance

7.2.1. Fuel Imports Trend and Analysis

Overall, the importation of all liquid fuels dropped by 10% for the year 2019 as compared to 2018. The main reason cited by OMC's was the limited availability of funding which suppressed the supply of fuel. Table 40 below shows comparisons of cumulative imports for the past four years.

Table .40

Comparison of Liquid Fuels Imports, 2016 - 2019

Year and Period	Diesel (ltrs)	Petrol (ltrs)	Paraffin (ltrs)	Jet A1(kgs)	Total (ltrs)
Jan - Dec 2019	937,406,602	456,080,132	5,100,022	63,073,804	1,461,660,560
Jan - Dec 2018	921,171,992	616,339,735	11,682,716	74,605,374	1,623,799,817
Jan - Dec 2017	761,813,335	445,068,704	23,647,385	60,246,486	1,290,775,910
Jan - Dec 2016	733,857,144	444,322,565	90,139,683	47,925,383	1,316,244,775
% difference	20.90%	-38.50%	-51.60%	-23.80%	-10.0%

Note 1: The percentage difference is calculated based on the years 2018 and 2019

7.2.2. Monthly Liquid Fuels Imports

The table 41 below shows the trends in the actual monthly importation of liquid fuels. There was a decrease of fuel imports in 2019 and procurement companies indicated that they could not satisfy demand as evidenced by periodic incidences of queues.

Table .41

Monthly Liquid Fuels Imports Jan - Dec, 2019

Month	Diesel (ltrs)	Petrol (ltrs)	Paraffin (ltrs)	Jet A1(kgs)
January	69,296,899	49,092,634	530,000	5,085,708
February	54,027,591	28,006,456	166,005	5,200,923
March	67,441,144	44,068,010	30,000	4,712,360
April	66,656,351	39,549,461	114,270	5,737,590
May	76,213,770	43,688,234	1,190,148	5,407,578
June	108,561,679	38,736,962	545,000	1,753,630
July	84,051,371	36,090,010	470,003	6,627,212

Table .42

Monthly Liquid Fuels Imports Jan - Dec, 2019				
Month	Diesel (ltrs)	Petrol (ltrs)	Paraffin (ltrs)	Jet A1(kgs)
August	84,432,408	38,920,100	830,000	6,596,305
September	73,699,748	30,501,707	550,000	3,148,499
October	97,014,679	38,579,497	560,596	5,952,695
November	91,105,397	32,876,244	114,000	5,059,274
December	64,905,565	35,970,817	-	7,792,030
Total	937,406,602	456,080,132	5,100,022	63,073,804

7.2.3. Ethanol Production

Table 43 below shows the ethanol production volumes in the year 2019.

Table .43

Ethanol Production Jan - Dec 2018/2019				
Month	2018		2019	
	Greenfuel (ltrs)	Triangle (ltrs)	Greenfuel (ltrs)	Triangle (ltrs)
January	1,810,642	2,606,079	0	3,551,873
February	-	1,613,250	0	2,934,523
March	-	-	0	587,663
April	-	-	2,168,336	0
May	-	13,384	9,591,796	576,622
June	5,648,776	3,199,137	8,560,125	2,996,958
July	9,068,741	2,814,155	4,543,562	1,943,849
August	9,189,494	2,680,578	9,535,062	3,227,077
September	8,517,276	2,436,118	10,680,011	2,444,948
October	10,027,552	2,669,756	10,807,811	2,933,878
November	7,337,911	2,654,837	7,883,842	2,185,078
December	5,350,307	2,969,699	0	2,470,849
Total	56,950,699	23,656,401	63,770,545	25,853,318

The year 2019 recorded a higher amount of ethanol compared to 2018 for both Greenfuel and Triangle.

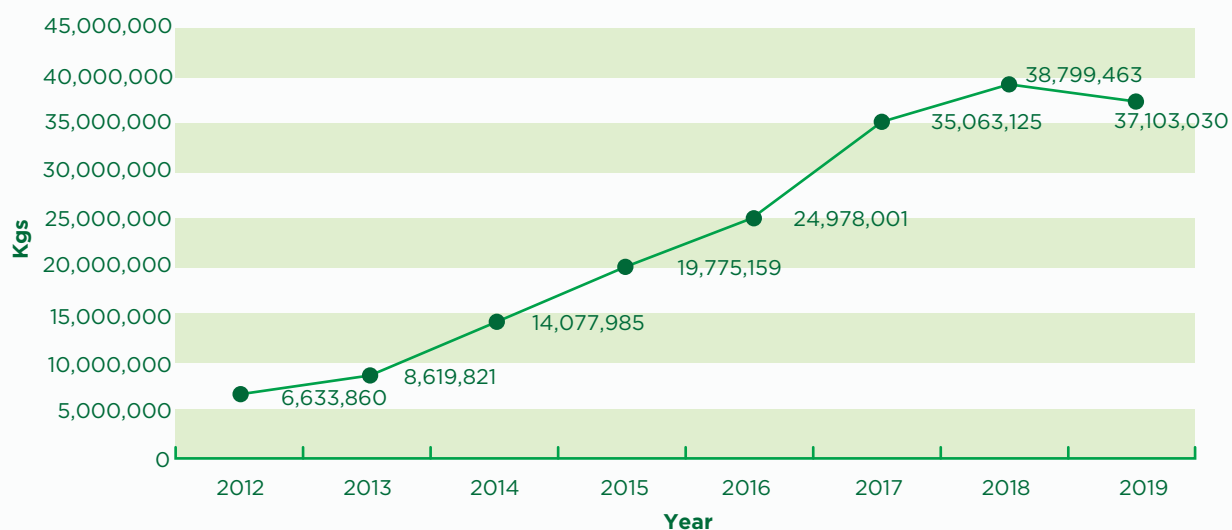


7.2.4. Annual LPG Imports

There was a continuous increase in importation and consumption of the product as shown in the line graph below. This trend was expected to continue as most households now consume LPG. However the supply plateaued in 2018 and there was a slight drop in 2019 due to foreign currency shortages for importing the product and the issues of customers affordability of buying the product which suppressed the demand.

Figure .6

LPG Imports (2012 - 2019)



7.2.5. Monthly LPG Imports

Imports for the year 2019 were 4% lower as compared to 2018. The table below shows the month-by-month LPG imports in 2019.

Table .44

LPG Imports, Jan - Dec, 2018 and 2019

Month	Year and Volume (Kg)	
	2018	2019
January	2,856,100	2,627,800
February	2,904,700	2,131,600
March	3,075,029	1,975,100
April	2,799,498	2,108,480
May	3,979,919	3,623,950
June	4,442,197	2,861,060
July	4,874,120	2,944,240
August	3,376,000	3,293,000
September	3,690,000	3,493,700

Table .45

LPG Imports, Jan – Dec, 2018 and 2019		
Month	Year and Volume (Kg)	
	2018	2019
October	1,851,400	4,188,000
November	1,946,800	4,055,000
December	2,983,700	3,801,100
Total	38,799,463	37,103,030

7.2.6. Petroleum Products Sales

The table 46 below shows the sales of liquid fuels in the period January to December 2019.

Table .46

Petroleum Sales, 2019				
Month	Diesel (ltrs)	Petrol (ltrs)	Paraffin (ltrs)	Jet A1 (kgs)
January	63,246,464	35,486,584	402,407	-
February	62,952,326	38,584,347	227,665	5,162,216
March	65,895,464	45,501,325	245,505	5,313,563
April	76,993,457	48,710,763	90,356	5,756,178
May	69,878,801	43,226,757	560,659	5,973,886
June	97,723,064	45,199,917	533,763	3,507,542
July	81,411,869	44,354,365	864,809	7,423,057
August	81,071,717	44,999,873	554,399	7,201,845
September	73,985,242	35,053,324	232,871	5,882,880
October	81,676,765	48,070,494	294,066	6,416,089
November	81,724,386	42,006,105	276,010	6,239,298
December	78,974,573	44,193,677	297,667	5,567,888
Total	915,534,128	515,387,531	4,982,584	75,446,710

7.2.7. Petroleum Products Sales by Economic Sector

The table 47 below shows the percentage sales of the petroleum products by economic sectors. The diesel sales through retail sites is almost the same with the business-to-business customers. The data shows that most of the sales of petrol and paraffin are distributed through retail sites where it is consumed by the motor industry and domestic activities.



Table .47

Petroleum Products Sales by Economic Sector			
Sector	Diesel (ltrs)	Blend	Paraffin
Retail	47.22	72.50	44.78
Industry	21.08	12.39	46.90
Transport	8.71	3.33	0.24
Commercial	18.31	9.37	6.57
Other	4.67	2.42	1.51
Total	100.00	100.00	100.00

7.2.8. Petroleum Products Sale by Geographic Region

Table 48 shows the percentage sales of the petroleum products by geographic region. Harare and Bulawayo dominate regional fuel comparison figures because of higher levels of industrial activities, higher population and large volumes of vehicles in the two cities.

Table .48

Petroleum Products Sales by Geographic Region			
Province	Diesel	Blend	Paraffin
Harare	54.86	52.77	69.19
Bulawayo	12.97	15.27	7.05
Manicaland	9.60	7.33	7.97
Mash Central	2.83	2.06	0.00
Mash East	3.68	3.74	2.77
Mash West	6.60	3.97	0.00
Mat North	3.11	0.36	0.00
Mat South	1.27	1.01	0.00
Midlands	0.05	9.82	6.02
Masvingo	5.04	3.68	7.01
Total	100.00	100.00	100.00

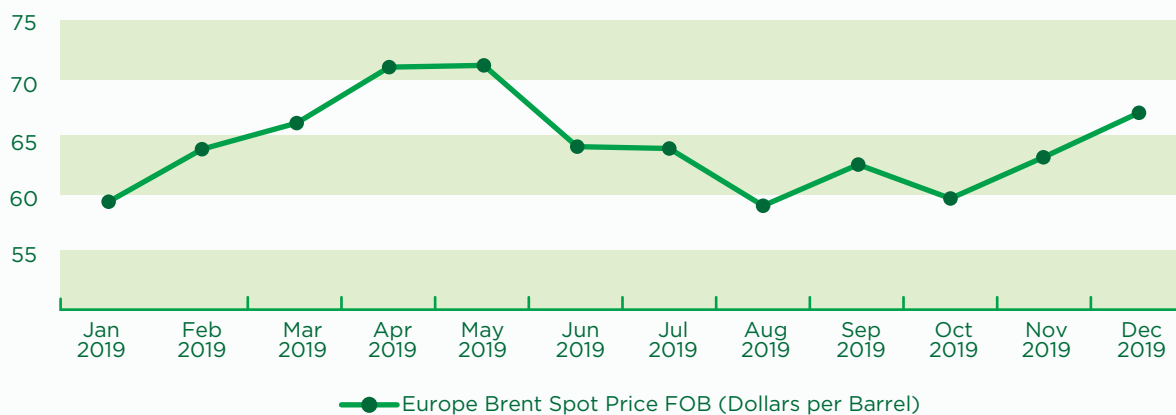
7.2.9. International Crude Oil

Crude oil prices started going up in the first quarter of 2019 and then took a dip in the second and third quarter of 2019. The last quarter of 2019 was accompanied by a number of events from a geo-political perspective which resulted in crude oil supply disruptions. These disruptions among others resulted in the increase of crude oil price in the last quarter of 2019.

Figure .7

Crude Oil Prices

Crude Oil Prices



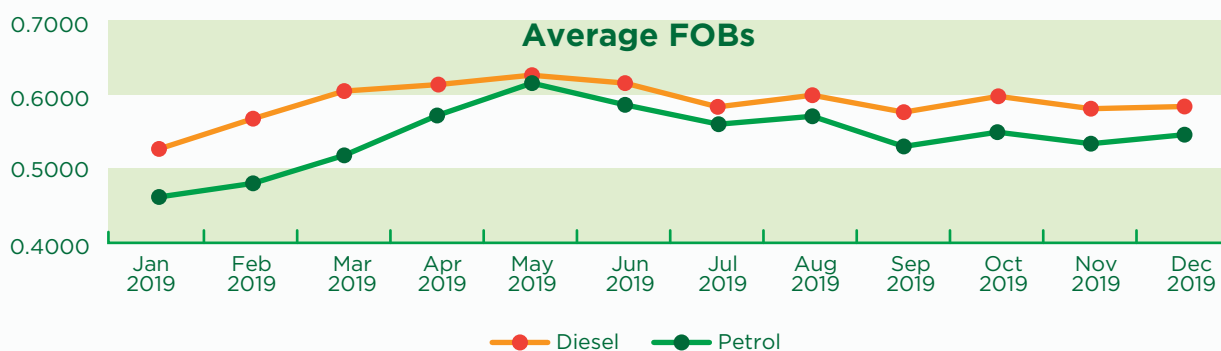
7.2.10. FOB Prices Trend

The FOB prices follow the same pattern as demonstrated by the crude oil prices although with a lag due to the pricing formula. The graph below shows the movements in the FOB prices between January 2019 to December 2019.

Figure 8

Average FOBs

Average FOBs



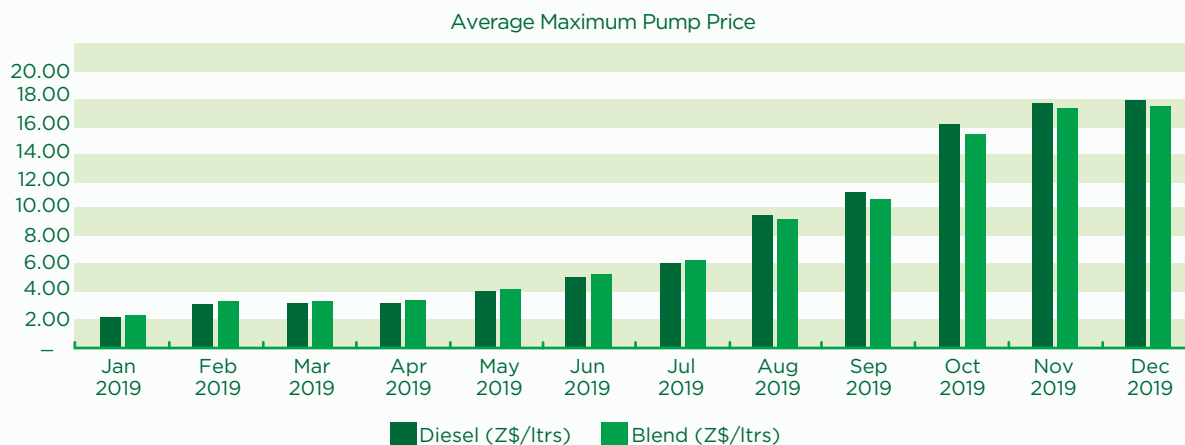
7.2.11 Maximum Market Prices

The market price has been fluctuating due to a number of regulations and changes that have been done to the Petroleum pricing model in year 2019. The graph below shows the average petroleum prices in 2019.



Figure .9

Average Maximum Pump Price



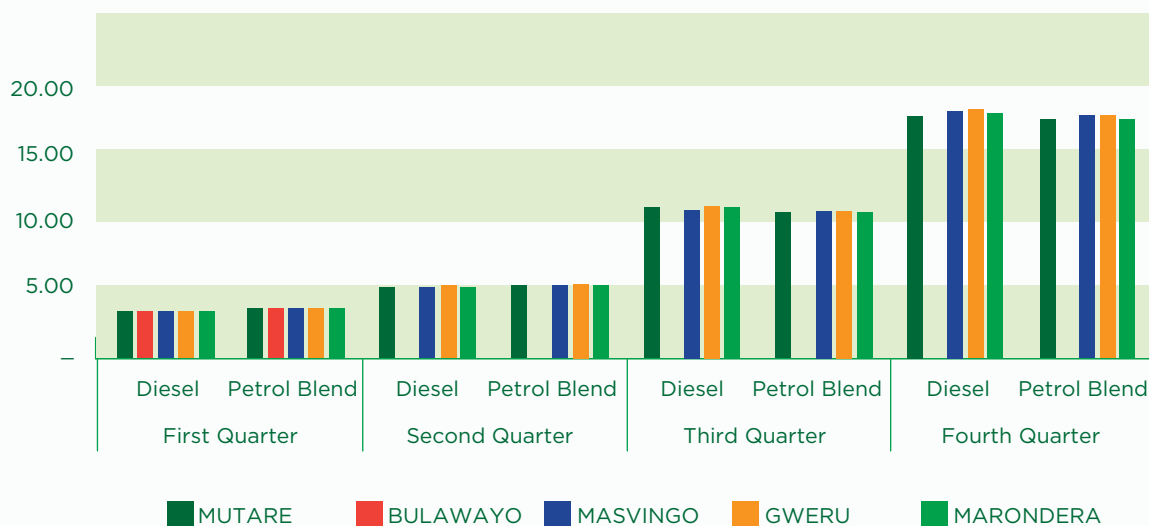
7.2.12 Average Market Price Comparison

The prices in some of the major towns and cities differed mainly because of the distance to deliver the fuel from the major depots in Harare and Mutare. Victoria Falls recorded the highest prices as the town is furthest away from the source. The table below is a snap shot of some of the prevailing prices throughout the year.

Figure .10

Summary of retail prices

Summary of retail prices (ZWL)



7.2.13 Regional Petroleum Prices (SADC)

The table below illustrates the average fuel prices (USD per litre) from a sample of countries in the region. From the current figures, Zimbabwe prices are within the price range with the other countries in the region for both diesel and petrol.

7.2.13 Regional Petroleum Prices (SADC)

The table below illustrates the average fuel prices (USD per litre) from a sample of countries in the region. From the current figures, Zimbabwe prices are within the price range with the other countries in the region on both diesel and petrol.

Table .49

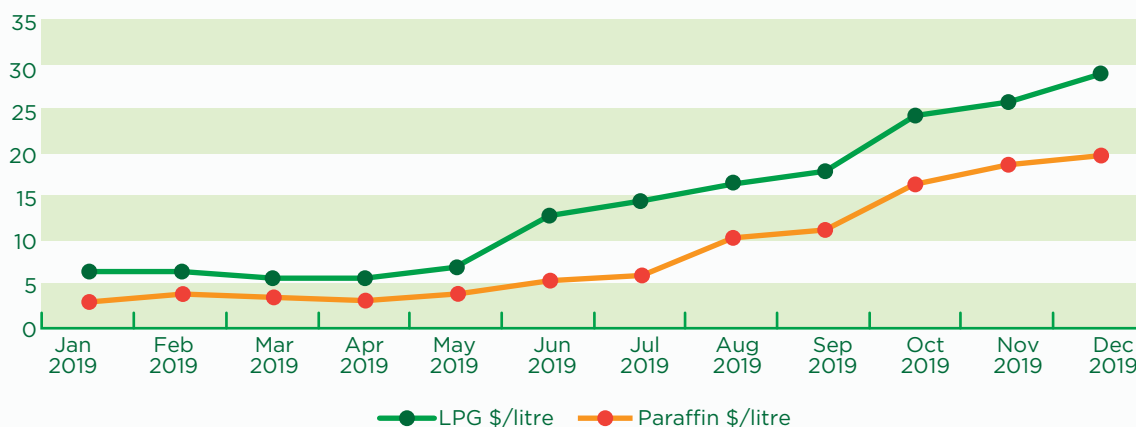
Regional Fuel Prices Comparison (Prices as at December 2019)				
Country	Petrol price (\$/litre)	Diesel price (\$/litre)	US\$ Exchange Rate	Last Review Date
Zimbabwe	1.08	1.11	16.11 ZWL	09/12/2019
Zambia	0.72	0.64	13.30ZMW	09/12/2019
Malawi	1.20	1.19	730 MWK	09/12/2019
South Africa	1.08	1.13	14.84 ZAR	09/12/2019
Tanzania	0.91	0.92	2, 303.56 TZS	09/12/2019

7.2.14. LPG and Paraffin Prices Trend

The LPG and paraffin prices continued increasing in 2019. The LPG and paraffin prices started at \$6.28/kg and \$3.00 respectively in January 2019 have since shifted upwards to settle at \$28.92/kg and \$19.65 by December 2019 as illustrated in the graph below. The increases in the prices are due to the continued loss in value of the local currency to the USD.

Figure .11

Paraffin and LPG prices



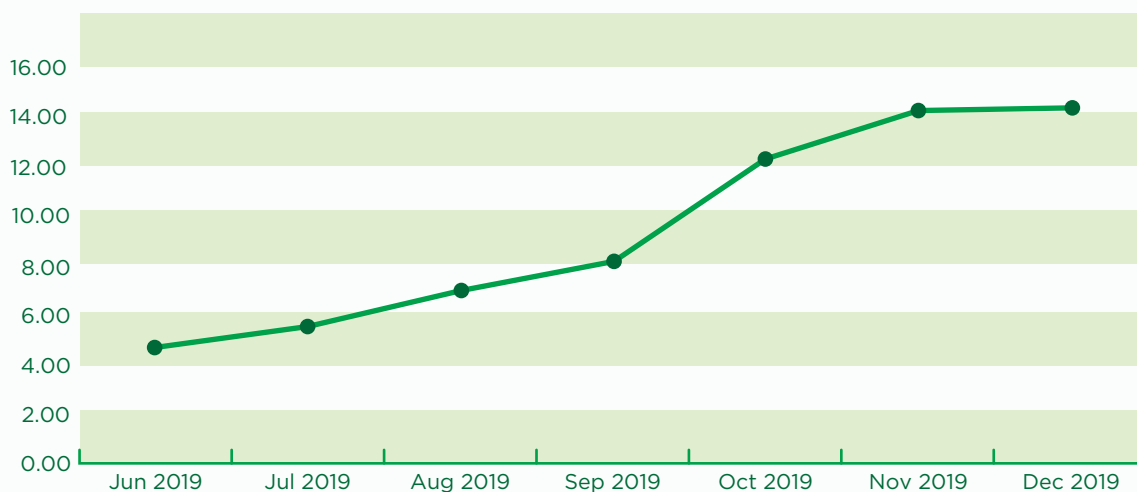


7.2.15. Ethanol Prices

The ethanol prices are calculated based on the approved USD price of US\$99/litre through the application of the exchange rate taking into account a discount of 15% agreed with ZERA. The graph below illustrates the point in which the price of ethanol was computed based on the prevailing exchange rates in June 2019.

Figure .12

Ethanol Price



8.0 Financial Statements

Audited Financial Results
for the year ended 31 December 2019

General Information

Country of Incorporation and Domicile	Zimbabwe
Nature of Business and Principal Activities	Regulation of the Energy Sector in Zimbabwe
Board of Directors	Dr. E Khosa (Chairperson) Dr. I Jeke (Vice Chairperson) Dr. S Ziuku Eng. B Nhachi Eng. T G Nkiwane Commissioner T Muzoroza Rtd. Air Marshal H Muchena
Executive Directors	Mr. E.T Mazambani- Acting Chief Executive Officer Eng. M Siyakatshana - Technical Director Mr. N Ranga - Acting Finance and Administration Director
Business office	14th Floor Century Towers 45 Samora Machel Avenue Harare ZIMBABWE
Main Bankers	ZB Bank Limited 4th& 5th Floors ZB House Cnr Speke Avenue/First Street HARARE Stanbic Bank 59 Samora Machel Avenue HARARE
Auditors	Bakertilly Chartered Accountants Celestial Office Park, Unit D & H Block 1, Borrowdale Road, Borrowdale, HARARE
Corporate Secretary	Ms. J Mupamhanga



Index

The reports and statements set out below comprise the financial statements approved by the Board of Directors.

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Directors Responsibilities and Approval	73
Independent Auditors Report	74 -77
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Statement of Profit or Loss and Other Comprehensive Income	79
Statement of Changes in Equity	80-81
Statement of Cash Flows	82
Accounting Policies	83-88
Notes to the Financial Statements	93-97

Director's Responsibilities and Approval

The Directors of Zimbabwe Energy Regulatory Authority (ZERA) are required in terms of the Energy Regulatory Authority Act (Chapter 13:23) and the Public Finance Management Act (Chapter 22:19) to maintain adequate accounting records and are responsible for the preparation, content, integrity and fair presentation of the financial statements and related financial information included in this report. It is their responsibility to ensure that the financial statements fairly present the state of affairs of ZERA as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards.

The financial statements are prepared in accordance with International Financial Reporting Standards except for the issues indicated on the basis for Qualified Opinion paragraph on the auditor's report and are based upon appropriate accounting policies consistently applied, and modified, where necessary, by the impacts of new and revised standards. The application of accounting policies is supported by reasonable and prudent judgments and estimates.

The Directors acknowledge that they are ultimately responsible for the system of internal financial control established by ZERA and place considerable importance on maintaining a strong control environment. To enable ZERA to meet these responsibilities, the Directors set standards for internal control aimed at reducing the risk of error or loss in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout ZERA and all employees are required to maintain the highest ethical standards in ensuring ZERA's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in ZERA is on identifying, assessing, managing and monitoring all known forms of risk across ZERA. While operating risk cannot be fully eliminated, ZERA endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The Directors are of the opinion, based on the information and explanations given by management that the system of internal controls provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatements or loss.

The Directors have reviewed ZERA's cash flow forecast for the year to 31 December 2020, and in the light of this review and the current financial position, they are satisfied that ZERA has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are engaged to express an independent opinion on the financial statements. The external auditors are responsible for independently reviewing and reporting on ZERA's financial statements. ZERA's external auditors have examined the financial statements and their report is presented on pages 74 to 77.

The financial statements set out on pages 78 to 97, which have been prepared on the going concern basis, were approved by the Board of Directors on 12 June 2020 and are signed on its behalf by:



Dr. E Khosa
Board Chairperson



Mr. E. T Mazambani
Acting Chief Executive Officer

Preparer of the Financial Statements

The financial statements were prepared under the supervision of Mr. N. Ranga (ACIS), an Associate member of the Institute of Chartered Secretaries and Administrators of Zimbabwe.



Mr. N Ranga
Acting Finance and Administration Director



Chartered Accountants Celestial
Office Park, Unit D & H Block 1,
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INDEPENDENT AUDITOR'S REPORT **To the Shareholders of Zimbabwe Energy Regulatory ("ZERA")**

Report on the Audit of the Inflation Adjusted Financial Statements

Adverse Opinion

We have audited the inflation adjusted financial statements of Zimbabwe Energy Regulatory Authority ("ZERA or Authority") set out on pages 09 to 29 which comprise the inflation adjusted statement of financial position as at 31 December 2019, the inflation adjusted statement of profit or loss and other comprehensive income, inflation adjusted statement of changes in equity, inflation adjusted statement of cash flows for the year then ended, a summary of significant accounting policies and other explanatory notes to the financial statements on pages 13 to 29.

In our opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion section of our report, the inflation adjusted financial statements do not present fairly, the statement of financial position of ZERA as at 31 December 2019, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS") and in the manner required by the Energy Regulatory Authority Act [Chapter 13:23].

Basis for Adverse Opinion

In February 2019, an electronic currency called RTGS dollar was introduced through Statutory Instrument 33 of 2019 ("SI 33/19") with an effective date of 22 February 2019 and the currency commenced trading at a rate of 2.5 to the USD. In addition, SI 33/19 fixed the exchange rate between RTGS dollar and USD at a rate of 1:1 for periods before the effective date. The Authority did not comply with IAS 21 which requires that when there is a change in an entity's functional currency, the entity shall apply the translation procedures applicable to the new functional currency prospectively from the date of the change. Foreign currency transactions shall be recorded, on initial recognition in the functional currency, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

The basis for qualification is due to misstatements contained in the opening balances from prior year which were reported as USD and translated to ZWL on the rate of 1:1 from the beginning of 2019 and adopted as Zimbabwean dollars ("ZWL") during the year. Additionally, transactions between 1 January 2019 and 21 February 2019 were recorded at the rate of 1:1 in compliance with SI 33/19. Although the evidence in the market and SI 33/19 prescribed a rate of RTGS 2.5 to 1 USD on introduction of RTGS dollar suggested that there was no longer parity between the USD and "local currency" up to 21 February 2019, the Authority maintained an exchange rate of 1:1 in compliance with SI 33/19. This constitutes a departure from the requirements of IAS 21.

The financial effects of this departure on the inflation adjusted financial statements have not been determined and we have not been able to obtain sufficient and appropriate audit evidence to determine the impact of this departure.

The financial effects of this departure on the inflation adjusted financial statements have not been determined and we have not been able to obtain sufficient and appropriate audit evidence to determine the impact of this departure.

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 financial statements section of our report. We are independent of ZERA in accordance with International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B) (IESBA Code) and other independent requirements applicable to performing audits of financial statements in Zimbabwe. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Hyperinflation Reporting

Although restatement was correctly done in terms of IAS 29 "Reporting in Hyperinflationary Economies", from 1 January 2019 to 31 December 2019, the effective date of application of IAS 29 is not consistent with the effective date of change in functional currency of 22 February adopted by ZERA.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the inflation adjusted financial statements of the current year. Key audit matters are selected from the matters communicated with those charged with governance, but are not intended to represent all matters that were discussed with them. In addition to the matters described in the Basis for Adverse Opinion section of our report, we have determined the matters described below to be the key audit matters. These matters were addressed in the context of our audit of the financial statements as a whole. Our opinion on the inflation adjusted financial statements is not modified with respect to any of the key audit matters described below, and we do not provide a separate opinion on these matters.

Valuation of Property, Plant and Equipment and Investment Property

ZERA revalued its property, plant and equipment at the end of the year following to correctly show the value of various items of property, plant and equipment as well as investment properties.

- There is inherent complexity in accounting, measurement, valuation and disclosure requirements of IAS 16, IAS 40 and IFRS 13.
- The significance of these assets on the ZERA's statement of financial position is high.
- The valuation of PPE is subjective due to the absence of an active market for some items of plant, property and equipment in the Zimbabwean market.

Because of the significance of these issues, valuation of plant, property and equipment and investment Property was considered a key audit matter for the audit of ZERA.

Our procedures encompassed the following;

- Review the work of an expert as required by International Standards on Auditing (ISA 620) by assessing qualifications and experience in valuation of plant, property and equipment. Review of inputs used by the expert in determining fair value and assessing the inputs for reasonableness
- Assess whether the valuation technique used by the expert is consistent with fair value measurement methods in terms of IFRS 16, IAS 40 and IFRS 13.
- Assess whether the entity complied with the accounting for the revaluation as required by IAS 16 and accounting for Investment Properties as required by IAS 40.
- Recompute revaluation reserve and review revaluation journals for accuracy and compliance with IAS 16.
- Recompute fair value adjustments as required by IAS 40 and trace the related amounts to the financial statements for accuracy.
- Review financial statements for adequate disclosures as required by IAS 16 and IAS 40. Based on our procedures, we noted no exceptions and consider management's application of IAS 16, IAS 40 and IFRS 13 to be appropriate.



Other Information

The directors are responsible for the other information. Other information does not include the inflation adjusted financial statements and our auditor's report thereon.

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

In connection with our audit of the inflation adjusted financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the inflation adjusted financial statements or our knowledge obtained during 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 on this other information, we are required to report that fact. We have nothing to report in this regard.

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgment and maintain professional scepticism throughout the planning and performance of the audit. We also:

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' 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 ZERA's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the inflation adjusted consolidated financial statements, including the disclosures, and whether the inflation adjusted consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Authority to express an opinion on the inflation adjusted consolidated financial statements.

We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for the audit opinion.

We communicate with the directors 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.

We also provide the directors with a statement that we complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be brought to bear on our independence, and where applicable related safeguards.

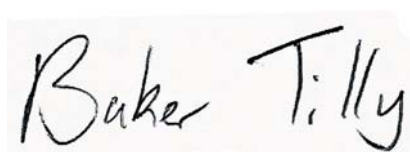
From the matters communicated with the Directors, we determine those matters that were significant in the audit of the inflation adjusted financial statements of the current period and therefore the key audit matters. We describe those matters in our auditors' report unless law or regulation precludes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

The engagement partner on the audit resulting in the Independent Auditor's report is Courage Matsa.

Report on Other Legal and Regulatory Requirements

Energy Regulatory Authority Act [Chapter 13:23]

In our opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion section of our report, the accompanying inflation adjusted financial statements have not in all material respects, been properly prepared in compliance with the requirements of and in the manner required by the Energy Regulatory Authority Act [Chapter 13:23] (paragraph 21(1), to comply with International Accounting Standards when keeping its accounting records.



Partner: Courage Matsa
PAAB Practising Number: 0607
Baker Tilly Chartered Accountants (Zimbabwe)
Harare

Date: 30 June 2020



Statement of Financial Position

	Notes	Inflation Adjusted (ZWL)		Historical Cost (ZWL)	
Assets		2019	2018	2019	2018
Non-current assets					
Property, plant and equipment	3	58,074,288	41,614,890	54,736,474	6,699,424
Intangible assets	4	259,979	287,770	56,421	46,327
Investment property	5	5,000,000	3,043,739	5,000,000	490,000
		63,334,267	44,946,399	59,792,895	7,235,751
Current assets					
Deferred VAT asset	10	232,549	-	232,549	-
Inventory	6	177,316	818,356	177,316	131,745
Trade and receivables	7	22,592,750	102,017,361	21,565,103	16,423,390
Cash and cash equivalents	8	3,113,137	21,001,028	3,113,137	3,380,877
		26,115,752	123,836,745	25,088,105	19,936,012
Total assets		89,450,019	168,783,144	84,881,000	27,171,763
Equity and liabilities					
Equity					
Reserves		(29,436,538)	4,937,404	28,996,970	794,854
Retained income		88,405,260	139,881,582	26,396,541	22,519,010
Total equity		58,968,722	144,818,986	55,393,511	23,313,864
Liabilities					
Long term liability					
Deferred VAT liability	10	-	908,873	-	146,316
Current liabilities					
Trade and other payables	9	29,180,592	22,176,657	28,186,783	3,570,136
Current portion of deferred VAT liability	10	763,757	878,628	763,757	141,447
Lease Liability		534,276	-	534,276	-
Withholding tax Liability		2,672	-	2,672	-
Total current liabilities		30,481,297	23,055,285	29,487,488	3,711,583
Total liabilities		30,481,297	23,964,158	29,487,489	3,857,899
Total equity and liabilities		89,450,019	168,783,144	84,881,000	27,171,763

The financial statements and the notes on pages 78 to 96 were approved by the board of directors on 12 June 2020 and were signed on its behalf by:

Dr E Khosa
Board Chairperson

Mr. N Ranga
Acting Finance and Administration Director

Mr. E.T Mazambani
Acting Chief Executive Officer

Statement of Profit or Loss and Other Comprehensive Income

	Notes	Inflation Adjusted (ZWL)		Historical Cost (ZWL)	
		2019	2018	2019	2018
Income	11	72,891,082	63,827,190	35,897,092	10,275,299
Other income	12	2,783,921	17,315,325	4,946,731	2,787,528
Operating expenses	13	(76,178,087)	(53,185,771)	(36,966,292)	(8,562,176)
Monetary loss		(50,973,237)	-	-	-
Operating surplus for the year		(51,476,320)	27,956,744	3,877,531	4,500,651
Other Comprehensive Income					
Revaluation surplus		(34,373,941)	-	28,202,116	-
Total comprehensive income		(85,850,262)	27,956,744	32,079,646	4,500,651
Total Comprehensive Income attributable to:					
ZERA	14	(85,850,262)	18,688,150	32,079,646	3,008,535
Rural Electrification Fund		-	9,268,594	-	1,492,116
		(85,850,262)	27,956,744	32,079,646	4,500,651

The accounting policies on pages 83 to 88 and the notes on pages 89 to 96 form an integral part of the financial statements.



Statement of Changes in Equity

	Non Distributable Reserves (ZWL)	Revaluation Reserves (ZWL)	Total Reserves (ZWL)	Retained Income (ZWL)	Total Equity (ZWL)
Inflation Adjusted					
Balance at 01 January 2018	4,937,404	-	4,937,404	73,974,061	78,911,465
Surplus for the year	-	-	-	27,956,744	27,956,744
Restatement of prior year allowance for credit	-	-	-	47,219,370	47,219,370
Transfer to Rural Electrification Fund Account	-	-	-	(9,268,594)	(9,268,594)
Total changes	-	-	-	65,907,520	65,907,520
Balance at 31 December 2018	4,937,404	-	4,937,404	139,881,582	144,818,986
Loss for the year	-	-	-	(51,476,320)	(51,476,320)
Revaluation surplus	-	(34,373,941)	(34,373,941)	-	(34,373,941)
	-	(34,373,941)	(34,373,941)	(51,476,320)	(85,850,262)
Balance at 31 December 2019	4,937,404	(34,373,941)	(29,436,538)	88,405,260	58,968,724
Historical Cost					
Balance at 01 January 2018	794,854	-	794,854	11,908,807	12,703,661
Surplus for the year	-	-	-	4,500,651	4,500,651
Restatement of prior year allowance for credit losses (IFRS 9)	-	-	-	7,601,668	7,601,668
Transfer to Rural Electrification Fund Account	-	-	-	(1,492,116)	(1,492,116)
Total Changes	-	-	-	10,610,203	10,610,203
Balance at December 2018	794,854	-	794,854	22,519,010	23,313,864
Surplus for the year	-	-	-	3,877,531	3,877,531
Revaluation surplus	-	28,202,116	28,202,116	-	28,202,116
Total comprehensive loss for the year	-	28,202,116	28,202,116	3,877,531	32,079,647
Balance at 31 December 2019	794,854	28,202,116	28,996,970	26,396,541	55,393,511

The accounting policies on pages 83 to 89 and the notes on pages 89 to 96 form an integral part of the financial statements.

Notes to the Financial Statements

Figures in ZWL\$

Statement of Cash Flows		Inflation Adjusted		Historical Cost	
	Note(s)	2019 ZWL\$	2018 ZWL\$	2019 ZWL\$	2018 ZWL\$
Cashflow from operating activities					
Surplus/(Deficit) for the year		(51,476,320)	27,956,744	3,877,531	4,500,651
Adjustment for:					
Depreciation		2,027,122	2,942,279	877,584	473,666
Loss on Asset disposal or assets scrapped		64,122	52,337	172,288	8,426
Interest received		(184,065)	(299,462)	(43,605)	(48,209)
Fair value adjustment		(1,956,261)	466,372	(4,510,000)	75,079
Operating Income before working capital changes		(51,525,402)	31,118,270	373,798	5,009,613
Working Capital Movements					
Increase /(decrease) in payables		7,003,935	3,956,686	24,616,647	636,972
(Increase)/decrease in receivables		79,424,611	(37,308,409)	(5,141,714)	(6,006,140)
Rural Electrification Fund		-	(9,268,594)	-	(1,492,116)
(Increase)/decrease in inventory		641,040	(171,089)	(45,571)	(27,543)
VAT and withholding tax liability		(1,253,621)	-	246,117	-
Restatement of Prior year Allowance for credit losses		-	47,219,367	-	7,601,668
Sub total		85,815,966	4,427,961	19,675,479	712,841
Cash generated from operating activities		34,290,564	35,546,231	20,049,277	5,722,454
					35,546,237
Finance Costs					
Interest received		184,065	299,462	43,605	48,209
Net financing costs		184,065	299,462	43,605	48,209
Cash flow from operations		34,474,629	35,845,693	20,092,882	5,770,663
Investing Activities					
Purchase of tangible non current assets		(52,967,973)	(26,622,890)	(20,874,472)	(4,285,918)
Proceeds from sale of assets		123,231	-	24,233	-
Purchase of intangible assets		(52,054)	(148,311)	(44,661)	(23,876)
Net cashflow from Investing		(52,896,796)	(26,771,201)	(20,894,899)	(4,309,794)
Net cash inflow/(outflow) before financing		(18,422,167)	9,074,492	(802,016)	1,460,869
Financing activities					
Lease liability		534,276	-	534,276	-
Net cash inflow/(outflow) from financing		534,276	-	534,276	-
Increase /(decrease) in cash and cash equivalents		(17,887,891)	9,074,492	(267,740)	1,460,869
Cash and cash equivalent at beginning of year		21,001,028	11,926,536	3,380,877	1,920,008
Cash and cash equivalents at end of year		3,113,137	21,001,028	3,113,137	3,380,877
Represented by:					
Cash and bank balances		3,113,137	3,821,360	3,113,137	615,187
Money Market Investments		-	17,179,668	-	2,765,690
Cash and cash equivalents at end of year		3,113,137	21,001,028	3,113,137	3,380,877



1. General Information

1.1 Reporting entity and its nature of business

The Zimbabwe Energy Regulatory Authority (ZERA) is a parastatal established by an Act of Parliament, the Energy Regulatory Authority Act (Chapter 13:23) of 2011 and is wholly owned by the Government of Zimbabwe. The mandate of ZERA is to provide for the licensing and regulation of the procurement, production, transportation, transmission, distribution, importation and exportation of energy derived from any energy source.

1.2 Significant Accounting Policies

The principal accounting policies of ZERA have been applied consistently in all material respects with those of previous financial years unless otherwise stated and except for the adoption of new and amendments effective for the current period.

2. Basis of Preparation

These financial statements for the year ended 31 December 2019 have been prepared in accordance with International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations and in the manner required by the Energy Regulatory Authority Act (Chapter 13:22) except for issues indicated on the basis for Qualified Opinion paragraph on the Auditors Report.

The financial statements have been prepared on both hyperinflation and historic cost convention unless otherwise stated in the accounting policies and incorporates the principal policies set out below. They are presented in Zimbabwe dollars, which is the organization's functional currency.

2.1 Functional Currency

There was a change in functional currency from the United States Dollar (USD) to RTGS Dollar (ZWL) during the year ended 31 December 2019. The Authority's financial statements are therefore presented in the new functional currency, the ZWL. Refer to note 2.4 for additional details on the change in functional currency.

2.1.1 Impact of Hyperinflation on Financial Reporting

The Public Accountants and Auditors Board issued pronouncement 01/2019 on the application of International Accounting Standard ("IAS") 29 'Financial Reporting in Hyperinflationary Economies' in Zimbabwe. The pronouncement requires companies domiciled in Zimbabwe to prepare and present financial statements for financial periods ended on or after 1 July 2019 to apply requirements of Financial Reporting in Hyperinflationary Economies' ("IAS 29").

Appropriate adjustments and reclassifications, including

restatements for changes and general purchasing power of the Zimbabwean dollar and for the purposes of fair presentation in accordance with IAS 29, have been made in these financial statements to the historical cost financial information for the current year and prior period using the general Consumer Price Index ("CPI"). As a result, the consolidated financial statements and comparatives are stated in terms of the measuring unit current as at 31 December 2019.

The carrying amounts of non-monetary assets and liabilities are adjusted to reflect the change in the general price index from the date of acquisition to the end of the reporting period.

Gains or losses on the net monetary position are recognised in profit or loss and included in the Statement of Comprehensive Income. All items recognised in the Statement of Comprehensive Income are restated by applying the change in the general price index from the dates when the items of income and expenses were initially earned or incurred.

At the beginning of the first period of application, the components of owners' equity, except retained earnings, are restated by applying a general price index from the dates the components were contributed or otherwise arose. These restatements are recognised in Other Comprehensive Income.

Restated retained earnings are derived from all other amounts in the restated Statement of Financial Position.

At the end of the first period and in the subsequent periods, all components of owners' equity are restated by applying a general price index from the beginning of the period or the date of contribution, if later.

All items in the Statement of Cash Flows are expressed in terms of the general price index at the end of the reporting period.

The sources of the price indices used were Zimbabwe Statistical Office from 2009 to June 2019, and trade economics from June 2019 to 30 September 2019.
Indices Conversion factors

	Indices	Conversion factors
CPI as at 31 December 2019	551.63	1
CPI as at 31 December 2018	88.81	6.21
Movement CPI 2019	462.82	
Movement CPI 2018	26.31	

2.2 Use of Critical accounting judgments, assumptions and estimates

In preparing the financial statements, management is required to make estimates and assumptions that affect the amounts presented in the financial statements and related disclosures. Use of available information and the application of judgment is inherent in the formation of estimates. Actual results in the future may differ from these estimates, which may be material to the financial statements. Estimates and underlying assumptions are reviewed on an on-going basis. Revision to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Significant judgments, assumptions and estimates include the following:

2.2.1 Useful lives and residual values of property, plant and equipment

ZERA assesses useful lives and residual values of property, plant and equipment each year considering experience and technology changes. The depreciation rates are set out in note 2.7 The residual values for the year were assessed and have been noted as adequate. The value for this year has been assessed as \$Nil (2018 \$ Nil).

2.2.2 Impairment of assets

The carrying amounts of ZERA assets are reviewed at each financial reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised in the statement of comprehensive income whenever the carrying amount of an asset exceeds its recoverable amount.

ZERA carried out the impairment of assets exercise for the reporting period and the impaired amount was ZWL\$30,162 and ZWL\$8,426 in 2018.

2.2.3 Allowance for credit losses

ZERA calculated the allowance for credit losses for the reporting period using the Expected Credit Loss (ECL) model based on IFRS 9.

ZERA in calculating the expected credit loss figure for 120 days and above period opted to use 6% instead of 100%. The rate was considered ideal because the same was used in 2018 and most of the major debtors are State Enterprises who have put in place a payment plan, which they are adhering to. A decrease in allowance for credit losses was recognized in the reporting period.

2.2.4 Hyperinflation

ZERA directors exercised judgment in determining the onset of hyperinflation in Zimbabwe. The functional currency of ZERA, is the currency of a hyperinflationary economy. Various characteristics of the economic environment in Zimbabwe were considered in assessing whether an economy is hyperinflationary or not.

These characteristics include, but are not limited to, the following:

- a) The general population prefer to keep its wealth in non-monetary assets or in a relatively stable foreign currency.
- b) Prices are being quoted in a relatively stable foreign currency.
- c) Sales and purchases on credit take place at prices that compensate for the expected loss of purchasing power during the credit period, even if the period is short.
- c) Interest rates, wages and prices are linked to a price index; and
- d) The cumulative inflation rate over three years is approaching, or exceeds, 100%. Management exercised judgment as to when a restatement of the financial statements of the Authority became necessary.

2.2.5 Use of exchange rates and foreign currency transactions

Transactions in foreign currency are translated into ZWL\$ at rates of exchange prevailing at date of transaction. At each Statement of Financial Position date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing. Gains and losses arising on exchange are included in the Statement of Comprehensive Income for the period.

2.3. Classification of Financial Instruments

2.3.1 Classification

ZERA classifies financial assets and financial liabilities into the following categories:

- Financial assets at fair value through profit or loss – designated.
- Loans and receivables.
- Financial liabilities measured at amortised cost.

Classification depends on the purpose for which the financial instruments were obtained / incurred and takes place at initial recognition.

Classification is re-assessed on an annual basis, except for financial assets designated as at fair value through profit or loss, which shall not be classified out of the fair value through profit or loss category.

Initial Recognition and Measurement

Financial instruments are recognized initially when ZERA becomes a party to the contractual provisions of the instruments.

ZERA classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement. Financial instruments are measured initially at fair value, except for equity investments for which a fair value is not



determinable, which are measured at cost and are classified as available-for-sale financial assets.

For financial instruments that are not at fair value through profit or loss, transaction costs are included in the initial measurement of the instrument. Transaction costs on financial instruments at fair value through profit or loss are recognised in profit or loss.

Subsequent Measurement

Financial instruments at fair value through profit or loss are subsequently measured at fair value, with gains and losses arising from changes in fair value being included in profit or loss for the period. Net gains or losses on the financial instruments at fair value through profit or loss includes interest. Loans and receivables are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Impairment of Financial Assets

At each reporting date, ZERA assesses all financial assets, other than those at fair value through profit or loss, to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired. For amounts due to ZERA, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default of payments are all considered indicators of impairment. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator of impairment. If any such evidence exists for available-for-sale financial assets, the cumulative loss measured as the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss is removed from equity as a reclassification adjustment to other comprehensive income and recognised in profit or loss. Impairment losses are recognised in profit or loss.

Impairment losses are reversed when an increase in the financial asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the financial asset at the date that the impairment is reversed shall not exceed what the carrying amount would have been had the impairment not been recognised.

Reversals of impairment losses are recognised in profit or loss except for equity investments classified as available-for-sale. Impairment losses are also not subsequently reversed for available-for-sale equity investments, which are held at cost because fair value was not determinable. Where financial assets are impaired through use of an allowance account, the amount of the loss is recognised in profit or loss within operating expenses. When such assets are written off, the write off

is made against the relevant allowance account. Subsequent recoveries of amounts previously written off are credited against operating expenses.

Loans to directors, managers and employees

These financial assets are classified as loans and receivables.

Trade and Other Receivables

Trade receivables are measured at initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced using an allowance account, and the amount of the loss is recognised in profit or loss within operating expenses. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables.

Subsequent recoveries of amounts previously written off are credited against operating expenses in profit or loss.

Trade and other receivables are classified as loans and receivables.

Trade and Other Payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

2.3.2 Employee benefits

Employee benefits are the consideration given by ZERA in exchange for services rendered by employees. In summary the benefits are:

Short-Term Benefits

Benefits earned by employees under normal employment terms including salaries, bonuses and leave pay. These are expensed as earned and accordingly provisions are made for unpaid bonuses and leave pay.

Post- Employment Benefits

Contributions to Old Mutual Pension Fund and Group Life Cover are expensed as and when incurred. All employees contribute to the National Social Security Authority pension scheme and the amounts are included in the determination of surplus for the year.

2.3.3 Treatment of License Fees Receipts of Unlicensed Petroleum Sector Operators

ZERA charges the Petroleum Sector licensees annual licenses fees. The licensees are required to deposit the fees into ZB Bank and submit the proof of payment to ZERA offices for processing. In other instances, it has been noted that most of funds deposited in the bank will be for operators who will be in operation throughout the year. Several operators sometimes fail to submit the required documents to ZERA or provide insufficient information on the deposit slip, which makes tracing of the funds difficult.

ZERA has taken a position since 31 December 2011, that at the end of the reporting year, it recognise as other income all the receipts, which will be having insufficient details, or for those who would have made deposits into the account but fails to submit their application papers.

2.3.4 Investment Property

Investment property is initially recognized at cost and subsequently measured at fair value at every Statement of Financial Position date. ZERA engaged professional valuers to estimate the fair value of its investment property. Based on the estimates adjustments are made to the carrying value of the related assets. For the year ended 31 December 2019, Knight Frank was engaged to determine the fair value of the investment property.

2.3.5 Corporate Tax

ZERA is exempt from paying corporate tax in accordance with the Income Tax Act (Chapter 23:06).

2.4 Change in Functional and Presentation Currency

The financial statements are expressed in Zimbabwean dollars ("ZWL\$") which was both the functional and presentation currency of the organisation for the year ended 31 December 2019.

On 22 February 2019, an electronic currency called the RTGS dollar was introduced through Statutory Instrument 33 of 2019 (S.I 33/19) and the currency commenced trading at a rate of 2.5 to the USD. In addition, S.I 33/19 fixed the exchange rate between RTGS dollar and the USD at a rate of 1:1 for periods before the effective date. The rate of 1:1 is consistent with the rate mandated by the Central Bank at the time it issued the bond notes and coins as currency. From 22 February 2019, the functional currency of the organisation changed from US\$ to ZWL

and all balances were converted using 1 to 1 exchange rate. On 24 June 2019, the Zimbabwean dollar was announced to be the sole legal tender following the promulgation of Statutory Instrument 142 of 2019 (S.I 142/19).

2.5 New and Amended IFRS and IAS Effective 1 January 2019

The Authority adopted IFRS 16 with effect from 01 January 2019.

Impact of initial application of IFRS 16 Leases
IFRS 16 introduces significant changes to lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged.

The impact of the adoption of IFRS 16 on the Authority's financial statements is described below.

(a) Impact of the new definition of a lease

The Authority has made use of the practical expedient available on transition to IFRS 16 not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with IAS 17 and IFRIC 4 will continue to be applied to those contracts entered or modified before 1 January 2019.

The change in definition of a lease mainly relates to the concept of control. IFRS 16 determines whether a contract period of time in exchange for consideration. This contrasts with the focus on 'risks and rewards' in IAS 17 and IFRIC 4. The Authority applies the definition of a lease and related guidance set out in IFRS 16 to all contracts entered or changed on or after 1 January 2019. In preparation for the first-time application of IFRS 16, the Authority has carried out an implementation project. The project has shown that the new definition in IFRS 16 will not significantly change the scope of contracts that meet the definition of a lease for the Authority.

(b) Impact on Lessee Accounting

(i) Former operating leases

IFRS 16 changed how the Authority accounts for leases previously classified as operating leases under IAS 17, which were off balance sheet.

Applying IFRS 16, for all leases, the Authority:

- a) Recognised right-of-use assets and lease liabilities in the Statement of Financial Position, initially measured at the present value of the future lease payments.
- b) Recognised depreciation of right-of-use assets and interest on lease liabilities in profit or loss.
- c) Separated the total amount of cash paid into a principal portion (presented within financing activities)



and interest (presented within financing activities) in the Statement of Cash Flows.

Lease incentives are recognised as part of the measurement of the right-of-use assets and lease liabilities whereas under IAS 17 they resulted in the recognition of a lease incentive, amortised as a reduction of rental expenses generally on a straight-line basis.

For short-term leases (lease term of 12 months or less) and leases of low-value assets (such as tablet and personal computers, small items of office furniture and telephones), the Authority has opted to recognise a lease expense on a straight-line basis as permitted by IFRS 16. The Authority however does not have this category of right of use asset.

(c) Impact on Lessor Accounting

IFRS 16 does not change substantially how a lessor accounts for leases. Under IFRS 16, a lessor continues to classify leases as either finance or operating leases and account for those two types of leases differently. However, IFRS 16 has changed and expanded the disclosures required, in particular how a lessor manages the risks arising from its residual interest in leased assets.

Under IFRS 16, an intermediate lessor accounts for the head lease and the sub-lease as two separate contracts. The intermediate lessor is required to classify the sub-lease as a finance or operating lease by reference to the right-of-use asset arising from the head lease (and not by reference to the underlying asset as was the case under IAS 17).

In addition, the Authority adopted all the below mentioned standards and amendments with effect from 1 January 2019, but however, none of these amendments had a material effect on the Authority's Statements.

- a. Amendments to IFRS 3 Business Combinations and IFRS 11 Joint Operations
- b. Amendment to IAS 19 Employee Benefits
- c. Amendment to IFRS 9 Financial Instruments
- d. Amendment to IAS 12 Income Taxes
- e. Amendment to IAS 23 Borrowing Costs

2.6 Revenue Recognition

As per IFRS 15, revenue is recognized on accrual basis and the revenue categories of the entity are as follows:

2.6.1 Electricity Annual Levies

Levies are charged at 1% of electricity sales to electricity generating, transmission and distributing companies in terms of S.I 6 of 2008.

2.6.2 Electricity License Application Fees

License application fees are charged to all companies and individuals who submit applications to obtain any form of trading license in terms of S.I 55 of 2015.

2.6.3 License Fees

Electricity License fees are charged to new companies who are into the generation, transmission and distributing companies in terms of S.I 55 of 2015.

LP Gas license fees are charged in terms of Statutory Instrument number 57 of 2014.

License fees for the Petroleum sub-sector vary depending on the category of business as follows:

- (a) Blending
- (b) Procurement
- (c) Production
- (d) Retail
- (e) Wholesalers

2.6.4 Interest Received

Revenue is recognised as the interest accrued in line with IFRS 9.

2.7 Property, Plant and Equipment

Property, plant and equipment (PPE) has been measured based on the cost model since 2011. vZERA voluntarily changed its accounting for determining the carrying amount of PPE and intangibles as appropriate from cost model to the revaluation model with effect from 31 December 2019. The revaluation model was adopted to fairly present the carrying amount of assets and enhance assessment of the financial performance in view of the high inflation. Professional valuers did valuation of PPE for the financial year ended 31 December 2019.

Costs include costs incurred initially to acquire or construct an item of property and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property and equipment, the carrying amount of the replaced part is derecognised.

Property, plant and equipment is carried at fair value as determined by the professional valuer.

Property, plant and equipment are depreciated on the straight-line basis over their expected useful lives to their estimated residual value.

Depreciation is provided for on a straight-line basis over the assets' expected economic useful lives on the following rates:

Item	Depreciation Rates
Furniture and fixtures	20%
IT equipment	33.3%-50%
Land	-
Library books	20%
Motor vehicles	20%
Office equipment	20%
Office partitions	4%
Other property & equipment	33.3%-50%

Right of use asset is depreciated on a straight-line basis based over the number of useful life.

Depreciation commences in the next month of purchase and it ceases when the asset is no longer in use or is disposed.

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting period. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

The gain or loss arising from derecognition of an item of property and equipment is included in profit or loss when the item is derecognised. The gain or loss arising from derecognition of an item of property and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

2.8 Intangible Assets

Intangible assets are shown at cost less accumulated amortisation and impairment. Amortisation is provided for on a straight-line basis over the assets expected economic lives on the following rates:

Item	Amortisation rates
Computer software	33.33%
Motor vehicle branding	20%
ZERA logo	20%
ZERA reception branding	20%
ZERA website	20%

2.9 Provisions

Provisions are recognized when ZERA has a present legal or constructive obligation because of past events, if it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made.

2.10 Inventory

Inventory is valued at the lower of cost and net realisable value. Cost is calculated using the weighted average price method.

2.11 Value Added Tax (VAT)

VAT is accounted for on accrual basis but remittance to Zimbabwe Revenue Authority (ZIMRA) is on cash basis. This was after ZIMRA approved for the use of the cash basis. The difference, which arises between accrual and cash basis is classified under long-term liability as Deferred VAT liability or Deferred VAT asset in the Statement of Financial Position.

There is no obligation to settle Deferred VAT liability with ZIMRA, the liability will clear when the cash amount received from electricity receivables exceeds the invoiced value. ZERA had collected amounts from which VAT is due to ZIMRA and is included in the trade and other payables figure in the Statement of Financial Position.



3. Property and Equipment

Inflation Adjusted Property and Equipment	2019			2018		
	Cost or Revaluation	Accumulated Depreciation	Carrying Value	Cost or Revaluation	Accumulated Depreciation	Carrying Value
Furniture and fixtures	2,105,364	-	2,105,364	2,292,305	(1,025,385)	1,266,920
IT Equipment	2,219,131	-	2,219,131	2,191,117	(1,385,400)	805,717
Land	8,000,000	-	8,000,000	3,175,582	-	3,175,582
Library books	45,261	-	45,261	28,525	(22,729)	5,796
Motor vehicles	11,317,533	-	11,317,533	7,801,494	(5,907,709)	1,893,785
Office equipment	121,376	-	121,376	117,254	(72,913)	44,341
Office partitions	436,804	-	436,804	625,712	(140,780)	484,932
Other assets	3,016,006	-	3,016,006	3,883,623	(3,371,101)	512,522
W.I.P building	27,000,000	-	27,000,000	33,425,295	-	33,425,295
Right of use asset	4,617,232	(804,420)	3,812,813	-	-	-
Total	58,878,708	(804,420)	58,074,288	53,540,907	(11,926,017)	41,614,890

Reconciliation of Property and equipment - 2019

Inflation Adjusted 2019	Opening Balance	Additions	Revaluation	Disposals	Depreciation	Total
Furniture and fixtures	1,266,920	155,007	825,890	-	(142,454)	2,105,364
IT Equipment	805,717	953,877	754,081	(2,524)	(292,020)	2,219,131
Land	3,175,582	-	4,824,418	-	-	8,000,000
Library books	5,796	-	41,576	(373)	(1,739)	45,261
Motor vehicles	1,893,785	2,111,318	7,864,707	(108,616)	(443,662)	11,317,533
Office equipment	44,341	-	87,607	-	(10,570)	121,376
Office partitions	484,932	-	(31,792)	(6,906)	(9,431)	436,804
Other assets	512,522	1,084,899	1,730,504	(68,937)	(242,982)	3,016,006
W.I.P building	33,425,295	44,045,640	(50,470,935)	-	-	27,000,000
Right of use asset	-	4,617,232	-	-	(804,420)	3,812,813
Total	41,614,890	52,967,973	(34,373,941)	(187,356)	(1,947,277)	58,074,288

Reconciliation of Property and equipment - 2018

Inflation Adjusted 2018	Opening Balance	Additions	Revaluation	Disposals	Depreciation	Total
Furniture and fixtures	476,981	1,054,201	-	-	(264,262)	1,266,920
IT Equipment	703,345	685,001	-	(11,283)	(571,346)	805,717
Land	3,175,582	-	-	-	-	3,175,582
Library books	10,773	633	-	-	(5,610)	5,796
Motor vehicles	3,114,951	2,586	-	(29,748)	(1,194,004)	1,893,785
Office equipment	55,611	15,186	-	-	(26,456)	44,341
Office partitions	445,743	62,873	-	-	(23,684)	484,932
Other assets	633,201	402,809	-	(11,306)	(512,182)	512,522
W.I.P building	9,025,695	24,399,600	-	-	-	33,425,295
Total	17,641,882	26,622,889	-	(52,337)	(2,597,544)	41,614,890

Assets were revalued on 31 December 2019 by a qualified independent valuer, Amazon Real Estate Agents P/L, using the open market value as the basis to determine the fair value of the Property, Plant and Equipment. This was the first revaluation done since purchase of the PPE, so as to enable the Authority to correctly show the value of the respective asset after the change in functional currency. The net replacement value was used in determining the Fair Value (FV) of Property, Plant and Equipment. The directors certifies that there are no restrictions on the title and the Property, Plant and Equipment has not been pledged against any liability of the Authority.

Notes to the Financial Statements

Figures in ZWL\$

Property and Equipment (continued)

Historical Cost Property and Equipment	2019			2018		
	Cost or Revaluation	Accumulated Depreciation	Carrying Value	Cost or Revaluation	Accumulated Depreciation	Carrying Value
Furniture and fixtures	2,105,364	-	2,105,364	369,029	(165,073)	203,957
IT Equipment	2,219,131	-	2,219,131	352,740	(223,030)	129,709
Land	8,000,000	-	8,000,000	511,225	-	511,225
Library books	45,261	-	45,261	4,592	(3,659)	933
Motor vehicles	11,317,533	-	11,317,533	1,255,933	(951,059)	304,874
Office equipment	121,376	-	121,376	18,876	(11,738)	7,138
Office partitions	436,804	-	436,804	100,731	(22,664)	78,067
Other assets	3,016,006	-	3,016,006	625,210	(542,701)	82,509
W.I.P building	27,000,000	-	27,000,000	5,381,012	-	5,381,012
Right of use asset	823,249	(348,250)	474,999	-	-	-
Total	55,084,724	(348,250)	54,736,474	8,619,348	(1,919,924)	6,699,424

Reconciliation of Property and equipment - 2019

Historical Cost 2019	Opening Balance	Additions	Revaluation	Disposals	Depreciation	Total
Furniture and fixtures	203,957	51,599	1,911,480	-	(61,672)	2,105,364
IT Equipment	129,709	417,786	1,798,464	(406)	(126,422)	2,219,131
Land	511,225	-	7,488,775	-	-	8,000,000
Library books	933	-	45,140	(60)	(753)	45,261
Motor vehicles	304,874	574,196	10,648,020	(17,486)	(192,070)	11,317,533
Office equipment	7,138	-	118,814	-	(4,576)	121,376
Office partitions	78,067	-	363,931	(1,112)	(4,083)	436,804
Other assets	82,509	455,652	2,594,135	(11,098)	(105,192)	3,016,006
W.I.P building	5,381,012	18,551,990	3,066,999	-	-	27,000,000
Right of use asset	-	823,249	-	-	(348,250)	474,999
Total	6,699,424	20,874,472	8,035,758	(30,162)	(843,018)	54,736,474

Reconciliation of Property and equipment - 2018

Historical Cost 2018	Opening Balance	Additions	Revaluation	Disposals	Depreciation	Total
Furniture and fixtures	76,787	169,712	-	-	(42,543)	203,957
IT Equipment	113,229	110,276	-	(1,816)	(91,979)	129,709
Land	511,225	-	-	-	-	511,225
Library books	1,734	102	-	-	(903)	933
Motor vehicles	501,464	416	-	(4,789)	(192,218)	304,874
Office equipment	8,953	2,445	-	-	(4,259)	7,138
Office partitions	71,758	10,122	-	-	(3,813)	78,067
Other assets	101,937	64,847	-	(1,820)	(82,454)	82,509
W.I.P building	1,453,012	3,927,999	-	-	-	5,381,012
Total	2,840,100	4,285,919	-	(8,426)	(418,169)	6,699,424

Assets were revalued on 31 December 2019 by a qualified independent valuer, Amazon Real Estate Agents P/L, using the open market value as the basis to determine the fair value of the Property, Plant and Equipment. This was the first revaluation done since purchase of the PPE, so as to enable the Authority to correctly show the value of the respective asset after the change in functional currency. The net replacement value was used in determining the Fair Value (FV) of Property, Plant and Equipment. The directors certifies that there are no restrictions on the title and the Property, Plant and Equipment has not been pledged against any liability of the Authority.



Notes to the Financial Statements

Figures in ZWL\$

4. Intangible Assets

Inflation Adjusted Property and Equipment	2019			2018		
	Cost or Revaluation	Accumulated Depreciation	Carrying Value	Cost or Revaluation	Accumulated Depreciation	Carrying Value
Computer software	1,136,477	(896,896)	239,581	1,104,425	(818,197)	286,228
Motor vehicle branding	9,904	(8,847)	1,057	9,904	(8,362)	1,542
ZERA logo	22,686	(22,686)	-	22,686	(22,686)	-
ZERA reception branding	9,518	(9,518)	-	9,518	(9,518)	-
ZERA website	34,583	(15,243)	19,341	14,582	(14,582)	-
Total	1,213,168	(953,190)	259,979	1,161,115	(873,346)	287,770

Reconciliation of Intangible assets -2019

Inflation Adjusted 2019	Opening Balance	Additions	Revaluation	Disposals	Amortization	Total
Computer software	286,234	32,053	-	-	(78,699)	239,589
Motor vehicle branding	1,542	-	-	-	(485)	1,057
ZERA logo	-	-	-	-	-	-
ZERA reception branding	-	-	-	-	-	-
ZERA website	-	20,001	-	-	(661)	19,341
Total	287,776	52,054	-	-	(79,845)	259,985

Reconciliation of Intangible assets -2018

Inflation Adjusted 2018	Opening Balance	Additions	Revaluation	Disposals	Amortization	Total
Computer software	477,011	148,312	-	-	(339,088)	286,234
Motor vehicle branding	3,522	-	-	-	(1,981)	1,542
ZERA logo	-	-	-	-	-	-
ZERA reception branding	1,478	-	-	-	(1,478)	-
ZERA website	2,187	-	-	-	(2,187)	-
Total	484,199	148,312	-	-	(344,735)	287,776

Notes to the Financial Statements

Figures in ZWL\$

Intangible Assets Continued

Historical Cost Property and Equipment	2019			2018		
	Cost or Revaluation	Accumulated Depreciation	Carrying Value	Cost or Revaluation	Accumulated Depreciation	Carrying Value
Computer software	205,297	(165,789)	39,508	177,797	(131,718)	46,079
Motor vehicle branding	1,594	(1,556)	38	1,594	(1,346)	248
ZERA logo	3,652	(3,652)	-	3,652	(3,652)	-
ZERA reception branding	1,532	(1,532)	-	1,532	(1,532)	-
ZERA website	19,508	(2,633)	16,875	2,348	(2,348)	-
Total	231,583	(175,162)	56,421	186,924	(140,597)	46,327

Reconciliation of Intangible assets -2019

Historical Cost 2019	Opening Balance	Additions	Revaluation	Disposals	Amortization	Total
Computer software	46,079	27,500	-	-	(34,071)	39,508
Motor vehicle branding	248	-	-	-	(210)	38
ZERA logo	-	-	-	-	-	-
ZERA reception branding	-	-	-	-	-	-
ZERA website	-	17,161	-	-	(286)	16,875
Total	46,327	44,661	-	-	(34,567)	56,421

Reconciliation of Intangible assets -2018

Historical Cost 2018	Opening Balance	Additions	Revaluation	Disposals	Amortization	Total
Computer software	76,792	23,876	-	-	(54,589)	46,079
Motor vehicle branding	567	-	-	-	(319)	248
ZERA logo	-	-	-	-	-	-
ZERA reception branding	238	-	-	-	(238)	-
ZERA website	352	-	-	-	(352)	-
Total	77,949	23,876	-	-	(55,498)	46,327



Figures in ZWL\$

Notes to the Financial Statements

	Inflation Adjusted		Historical Cost	
5. Investment Property	2019	2019	2019	2019
Opening balance	3,043,739	3,510,108	490,000	565,079
Fair value adjustment	1,956,261	(466,369)	4,510,000	(75,079)
Closing balance	5,000,000	3,043,739	5,000,000	490,000

The Investment property was valued on 31 December 2019 by a qualified independent valuer, Knight Frank Zimbabwe, using the open market value as a basis to determine the value of the Investment property. The valuer used the comparative method to come up with a value for the Investment property. The directors certifies that there are no restrictions on the title and the Investment property has not been pledged against any liability of the Authority.

6. Inventory				
Cartridges	80,878	458,418	80,878	73,799
Cleaning materials	184	1,967	184	317
Consumables	15,937	65,648	15,937	10,568
Fuel coupons	-	11,719	-	1,887
Stationery	62,199	169,207	62,199	27,240
Teas and beverages	8,294	22,353	8,294	3,599
Promotional material	6,938	89,045	6,938	14,335
Seals	2,886	-	2,886	-
Total	177,316	818,356	177,316	131,745

7. Trade and Other Receivables				
Trade receivables	24,754,295	128,504,694	24,754,295	20,687,485
Prepayments	1,984,050	2,015,474	956,403	324,464
Other receivables	612,562	1,554,736	612,562	250,291
Total	27,350,907	132,074,904	26,323,260	21,262,240

Trade Receivables Reconciliation				
Gross trade receivables	27,350,907	132,074,904	26,323,260	21,262,240
Allowance for credit losses	(4,758,157)	(30,057,543)	(4,758,157)	(4,838,850)
Total	22,592,750	102,017,361	21,565,103	16,423,390

8. Cash and Cash Equivalents				
Cash and cash equivalents consist of:				
Bank balances	3,070,813	3,817,666	3,070,813	614,592
Cash on hand	42,324	3,694	42,324	595
Short term deposits	-	17,179,668	-	2,765,690
Total	3,113,137	21,001,028	3,113,137	3,380,877

9. Trade and Other Payables				
Trade payables	16,831,653	1,782,325	16,831,653	286,930
Rural Electrification Fund	-	9,268,594	-	1,492,116
VAT payable	-	878,628	-	141,447
Other accruals and provisions	4,444,877	2,509,950	4,444,877	404,067
Deferred income	7,904,062	7,737,159	6,910,253	1,245,576
Total	29,180,592	22,176,657	28,186,783	3,570,136

Figures in ZWL\$

Notes to the Financial Statements

	Inflation Adjusted		Historical Cost	
10. Deferred VAT	2019	2019	2019	2019
VAT based on accruals concept	232,549	2,666,129	232,549	429,210
Outstanding Cash VAT due and payable to ZIMRA	(763,757)	(878,628)	(763,757)	(141,447)
Deferred VAT Liability	(531,208)	1,787,501	(531,208)	287,763
Non-Current portion	232,549	908,873	232,549	146,316
Current portion	(763,757)	878,628	(763,757)	141,447
Total	(531,208)	1,787,501	(531,208)	287,763

Income				
Electricity annual levies	57,204,010	50,921,399	32,043,759	8,197,644
Electricity licenses application fees	147,966	326,115	60,000	52,500
Electricity licenses fees	2,335,997	2,111,982	671,600	340,000
Liquid petroleum gas license fees	301,114	224,243	76,600	36,100
Petroleum licenses fees	12,901,995	10,243,451	3,045,133	1,649,055
Total	72,891,082	63,827,190	35,897,092	10,275,299

Other income				
Fair value adjustment on investing property	1,956,261	-	4,510,000	-
Insurance proceeds	47,160	21,443	37,111	3,452
Interest received	184,065	299,462	43,605	48,209
Loan administration commission	39,776	1,950	14,020	314
Miscellaneous	204,670	25,859	122,378	4,163
Reduction in allowance for credit losses	80,693	16,655,425	80,693	2,681,294
Rental income	117,877	186,351	46,500	30,000
Tender income	26,524	9,345	8,617	1,504
Training registration fees	90,196	58,963	47,110	9,492
Unlicensed petroleum operator's fees	36,698	56,527	36,698	9,100
Total	2,783,921	17,315,325	4,946,731	2,787,528



Figures in ZWL\$

Notes to the Financial Statements

13. Operating Expenses	Inflation Adjusted		Historical Cost	
	2019	2019	2019	2019
Audit fees	56,423	68,484	13,200	11,025
Bad debts	17,851	464,160	9,397	74,723
Bank charges	1,464,053	578,398	585,368	93,114
Board fees	650,629	603,768	314,622	97,198
Computer expenses	557,677	44,616	281,597	7,183
Consulting and professional fees	3,318,558	2,984,745	2,074,381	480,503
Consumables	1,170,747	879,135	516,032	141,529
Corporate social responsibility and donations	2,989,428	2,993,716	971,300	481,947
Depreciation and amortisation	2,027,122	2,942,279	877,584	473,666
Employee costs	31,615,685	25,853,994	17,121,070	4,162,137
Entertainment	71,097	72,088	33,010	11,605
Foreign currency exchange loss	10,333,241	-	4,383,525	-
Impairment and loss on de-recognition of assets	191,159	517,562	191,159	83,320
Insurance	751,854	361,533	298,007	58,202
Interest on lease	99,599	-	99,599	-
Lease rentals on operating lease	981,113	1,454,903	216,144	234,219
Motor vehicle expenses	1,968,929	1,409,503	955,148	226,911
Postage	3,214	5,761	1,200	927
Printing and stationery	1,091,777	749,041	412,897	120,585
Promotions, advertising and publicity	3,266,295	2,864,795	1,219,688	461,193
Repairs and maintenance and office administration	4,727,294	1,345,590	2,332,107	216,621
Research and development	48,284	545,094	23,083	87,753
Subscriptions	209,317	511,728	99,369	82,381
Telephone and fax	1,028,311	882,449	487,415	142,062
Travel external	1,931,269	780,730	904,901	125,687
Travel local	3,094,414	1,785,706	1,458,323	287,474
Workshops and seminars	2,512,749	2,485,993	1,086,164	400,211
Total	76,178,087	53,185,771	36,966,292	8,562,176

14. Income attributable to Rural Electricity Fund

According to the Energy Regulatory Authority Act(Chapter13:13), ZERA is required to remit surplus recorded in the electricity account to the Rural Electrification Fund. As at 31 December 2019 an audited electricity receipts and expenditure statement was prepared, and the account recognized a deficit of ZWL\$ 2 354 308 hence no remittance will be made to Rural Electrification fund and in 2018 a surplus of ZWL\$1,492,116 was recognized.

15. Lease commitment classified as right of use asset

ZERA entered into a lease agreement with Old Mutual Properties (Harare Head Office), Zimbabwe International Trade Fair (Bulawayo Regional Office) and Zimre Properties (Mutare Regional Office) for rental of office space and these have been recognised as right of use assets in the Statement of Financial Position in compliance with IFRS 16. The lease agreements have a remaining term of two years and there is a renewal clause.

Future minimum rental payable are as follows as at 31 December 2019

Within one year	4,680,000
After one year	780,000
Total	5,460,000

16. Risk Management

ZERA has in place a Risk management policy whose thrust is on identifying, assessing, managing and monitoring all known forms of risk across the organization. While risks cannot be fully eliminated, ZERA endeavors to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behavior are applied and managed within predetermined procedures and constraints. The following are the financial risks pertaining to 2019 financial statements.

16.1 Financial Risk Management

ZERA's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

16.1.1 Interest Rate Risk

ZERA has significant interest bearing assets, these assets relate to investments that are at market rates. ZERA has invested in fixed interest money market investments, hence interest receivable is not affected by fluctuations of interest rates and as a result the sensitivity analysis was not performed.

16.1.2 Credit risk

Credit risk consists mainly of cash deposits, cash equivalents and trade debtors. ZERA only deposits cash with major banks with sound financial standing. The followings

were the banks and financial partners ZERA dealt with in 2019:

- (a)CABS
- (b)FBC
- (c)ZB
- (d)Stanbic
- (e)EcoCash
- (f) Get Bucks

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an on-going basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored.

Financial assets exposed to credit risk at year-end were as follows:

Financial Instrument	2019	2018
Cash and cash equivalents	3,113,137	3,380,877
Trade and other receivables	21,954,015	16,423,390

16.1.3 Liquidity risk

ZERA maintains sufficient cash and marketable securities. Management reviews cash flow forecasts on a regular basis to determine whether ZERA has sufficient cash reserves to meet future working capital requirements and to fund initiatives to fulfill mandate. ZERA has good relations with financial institutions to access additional means of easing liquidity risk if considered necessary.

17. Contingencies Liabilities

17.1 ZERA vs Dismissed Employee

ZERA is being sued by a former employee who was dismissed in 2017 for a misconduct. The labour Court ruled in favour of ZERA in 2018 and the employee appealed to the Supreme Court challenging the ruling. The Supreme Court is yet to make a determination on the appeal.

Legal experts have advised that there is 50% probability that the former employee might win the case.

17.2 Collective Bargaining Agreement

ZERA was being sued by nine (9) employees for allegedly incorrectly implementing the 2012 collective bargaining agreement. The Labour Court ruled in favour of ZERA and the employees appealed to the Supreme Court challenging the Labour Court ruling.

A judgement has since been made by the Supreme Court in the reporting period, which upheld the ruling of the Labour Court that ZERA does not belong to the Energy Sector hence was not bound by the Collective Bargaining Agreement of 2012.



18. Pension and Retirements Benefits

ZERA contributes to a defined pension benefit plan, which is administered by Old Mutual Pension Fund and to the National Social Security Authority (NSSA), which is a defined contributory fund.

The contributions to Old Mutual Pension Fund are 10% and 7.5% of the monthly basic salary by the employer and employee respectively.

Contributions to NSSA are 3.5% and 3.5% of the monthly basic salary by the employer and employee respectively.

ZERA also contributes 1.25% towards Worker's Compensation Insurance Fund (WCIF) on behalf of its employees. The amount charged through the statement of profit or loss and other comprehensive income during the year under review is indicated in the table below.

Details	2019	2018
National Social Security Authority	45,757	40,481
Old Mutual Pension Fund	596,753	154,702
Total	642,510	195,183

19. Going Concern

Management has assessed the ability of ZERA to continue operating as a going concern and believe that the preparation of these financial statements on a going concern is still appropriate.

20. Subsequent Events

There have been no significant events after the reporting date except as indicated in note 20.1, 20.2 and 20.3 which seems not to have an impact on the financial statements ended 31 December 2019. The Authority continue to monitor the impact of the changing economic condition on the business.

20.1 Impact of COVID-19 Pandemic

On 30 January 2020, the World Health Organisation declared COVID-19 a "Public Health Emergency of International Concern". The Government of Zimbabwe declared COVID-19 a national disaster, on 27 March 2020, and ordered a national lockdown on 30 March 2020. This resulted in the total shut down of most businesses except for essential services. The Government considered the Authority as part of the essential service provider and hence the Authority continued operations.

In addition to serious health implications on people and the healthcare system, COVID-19 is having a significant impact on business. The Directors have concluded that the COVID-19 pandemic is a non-adjusting event for the financial year ended 31 December 2019. However, to ensure business continuity amidst the challenges posed by the ranging pandemic, the Directors carried out an impact assessment and came up with measures to mitigate the impact of the pandemic.

The expectation is that COVID-19 will negatively affect the gross domestic product at national level and demand will follow suit. There is a high possibility that the revenue of ZERA will be negatively affected for the period ending 31 December 2020.

20.2 Foreign Currency Exchange Rate

The Reserve Bank of Zimbabwe has controlled the interbank forex trading market since its introduction in February 2019. As at 31 December 2019, ZERA held foreign obligations that are affected by the exchange rate, which remains volatile.

On March 11 2020, the Minister of Finance and Economic Development announced the introduction of an electronic trading forex platform, which will allow foreign currency to be traded freely. The floating of exchange rate and its subsequent movement is expected to have a significant impact on the Financial Statements of ZERA.

20.3 Reduction of VAT Percentage

On 14 November 2019, the Minister of Finance and Economic Development in order to reduce the cost of doing business proposed to a marginal reduction of the VAT standard tax rate from 15% to 14.5% with effect from 01 January 2020.

The reduction of the VAT standard rate will result in decreased operational costs.

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2019 ANNUAL REPORT

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