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# Alternative Energy & Power 2019

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## Cameroon

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## ▼ 1. General Structure and Ownership of the Power Industry

### ▼ 1.1 Principal Laws Governing the Structure and Ownership of the Power Industry

The power industry in Cameroon has long been characterised by heavy government influence, with the industry not experiencing any changes until the late 90s and mid-2000s. The ownership of the only power corporation was held 100% by government. This structure was known as Sonel (the National Electricity Corporation), and was in charge of the generation, transmission, distribution and supply segments of the power industry. For a better appraisal of the framework of the power industry, please see the following legal instruments governing the industry in Cameroon:

- Law No 98/022 of 24 December 1998 governing the electricity sector;
- Law No 2011/022 of 14 December 2011 governing the electricity sector;
- Decree No 99/125 of 15 June 1999 to set up the organisation and functioning of the Electricity Sector Regulatory Agency;

- Decree No 99/193 of 8 September 1999 to set up the organisation and functioning of the Rural Electrification Agency; and
- Decree No 2000/464/PM of 30 June 2000 governing the activities of the electricity sector.

All texts related to the electricity sector in Cameroon can be found at <http://www.minee.cm/index.php?id=114>.

The generation, transmission, distribution and supply of power is now handled by a combination of both state-owned entities and private investor-owned entities.

The privatisation of the electricity sector came with the SAC III “privatisation of public utilities” objectives. A series of specific laws and decrees were enacted between 1998 and 2000 to set up a new electricity regulatory framework, where competition principles and private involvement could be developed under the supervision of the Electricity Sector Regulatory Agency (ARSEL).

The power industry in Cameroon consists of vertically integrated entities. The structure of the sector creates two agencies: one to regulate the electricity sector (ARSEL) and one for rural electrification (the Authority for Electricity Regulation – AER). Following the 1998 law on electricity, the power industry was divided into four sub-sectors (generation, transmission, distribution and retail sales), for which companies need to hold a concession right before they can start activities. In practice, concession rights have never been issued to different companies, and only Sonel had the concession rights to operate in all four sub-sectors, even after being privatised.

Indeed, Presidential Decree No 2000 established that the new acquirer of Sonel would get a generator's concession, a 20-year concession for transmission and distribution, a five-year concession for system operation, and a five-year exclusive sales right to all consumers.

## ▼ 1.2 Principal State-owned or Investor-owned Entities

At the time of writing, there is just one licence holder in the electricity sector in Cameroon. However, there are other operators in that domain, who operate under different forms of authorisations as per their activity (<https://www.iflr1000.com/NewsAndAnalysis/Reforming-Cameroons-power-sector/Index/5488>):

- the Ministry of Water Resources and Energy;
- the Electricity Development Corporation (EDC);
- ARSEL;
- the Rural Electrification Agency;
- ENEO (formerly AES SONEL); and
- Independent Power Producers (IPPs), such as Kribi Power Development Company and Dibamba Power Development Company.

Currently, there are no foreign direct investment restrictions that apply to the power industry. Rather, Cameroon needs to attract foreign investors in order to finance its future projects of developing infrastructure and, notably, the exploitation of gas. The Cameroonian government has targeted the transport, food industry, tourism and rural development sectors as priority sectors for investment. In order to attract more investors, significant programmes are being implemented by the public authorities, with the support of reliable financial institutions, in order to improve

judicial decisions, increase energy supplies, reinforce economic information, simplify procedures, support companies, and ensure the protection of the economic area against illegal threats.

### ▼ 1.3 Foreign Investment Review Process

The Cameroonian government is constantly trying to create an environment that is conducive to attracting foreign investments.

In Cameroon, there is no restriction on foreign nationals or corporations starting a company, so there are cases where foreign nationals hold 100% shares in a company, depending on the sector. There are restrictions on foreign companies holding 100% shares in companies that operate in particular sectors that affect the social cohesion of locals, such as the oil and gas sector, power, mining and defence.

Typically, in order for a foreign investment to be permissible under the law applicable in Cameroon, the foreign investor must show evidence of an existing duly registered company, must be tax compliant and must obtain all necessary authorisations from government agencies for the respective applicable domains.

Foreign investment in the Cameroon business sector is particularly liberal within the CEMAC region. Foreign direct investment in Cameroon is open to any sector in the country. However, the law prohibits illegal business.

The guarantees and assurances given to foreigners who invest in Cameroon economy include the following:

- repatriation of dividends;
- structured and regulated capital injection into the Cameroonian economy;

- protection against nationalisation and a guarantee of prompt and adequate compensation in the event of nationalisation;
- dispute resolution process by arbitration;
- tax incentives; and
- non-violation of international corporate practice.

Historically, the government of Cameroon sought to attract foreign investment in order to create much-needed economic growth and employment. Cameroon's legislative body, the National Assembly, reviewed the Investment Charter in 2013 to attract international investors and replace the existing Investment Code of 2002. The 2013 Investment Code reduced the tax burden on certain sectors, such as pharmaceuticals and renewable energy, by eliminating Value Added Tax for products in those sectors. The same law attempts to exclude the deductibility of expenses charged to offshore 'tax havens'.

The National Assembly preserved changes made in the 2010 budget and finance law that reduced the tax on registering for incorporation and the tax on corporate equity offerings. In 2008, the National Assembly passed legislation granting incentives to infrastructural projects worth more than USD200 million, including tax incentives, such as an exemption from VAT. The relevant portions of the 1990 Investment Code remain in effect until the full implementation of the 2002 Investment Charter. In light of the incomplete implementation of existing legislation, investors must sort through sometimes confusing legal requirements.

#### ▼ **1.4 Principal Laws Governing the Sale of Power Industry Assets**

Before 2001, the electricity sector in Cameroon was managed by the lone state-owned corporation, Sonel, which had a monopoly on generation, transmission, distribution, sales, importation and exportation. The laws

governing this domain are as follows:

- Law No 98/022 of 24 December 1998 governing the electricity sector in Cameroon;
- Law No 2011/022 of 14 December 2011 governing the electricity sector in Cameroon;
- Decree No 2006/406 of 29 November 2006 to set up the Electricity Development Corporation (EDC);
- Law No 2013/004 of 18 April 2013 to lay down private investment incentives in the Republic of Cameroon; and
- Decree No 2015/454 of 8 October 2015.

Mergers and acquisitions of power industry entities are regulated by the OHADA Uniform Act relating to commercial companies and economic interest groups. Public limited companies, private limited companies and public companies governed by the OHADA Uniform Act fall within the M&A legislation. The following also applies:

- the Competition Law No 98/013 of 14 July 1998;
- Decree No 2005/1363/PM dated 6 May 2005, which establishes the composition and operation of the National Competition Commission (NCC); and
- Ministerial Order No 00003/MINCOMMERCE of 16 February 2010, which sets thresholds, conditions and declarations, and deals with the notification of mergers and acquisitions to the NCC.

The NCC, which falls under the Ministry of Commerce, enforces the legislation. Cameroon is a member of the Economic and Monetary Community of Central Africa (CEMAC), which oversees anti-competitive practices through Regulation No 1/99/UEAC-CM-639 of 25 June 1999.

Merger auditors are responsible for preparing a report on the terms of a merger. They also ascertain that the share values are fair and reasonable, and that the exchange rate is equitable.

All companies involved in a merger operation (including the target company) shall prepare a draft merger document containing the following information:

- the form, name and registered office of the participating companies;
- the reasons for and terms of the merger;
- a description and evaluation of the assets and liabilities to be transferred to the acquiring companies;
- the terms of transfer of the shares or stocks and the date from which such shares or stocks give entitlement to profits, as well as any special condition relating to such entitlement, and the date from which the operations of the acquired or split company shall be considered completed from the accounting standpoint by the companies receiving the contributions;
- the dates on which the account of the companies concerned, which were used to establish the terms of the operation, were adopted;
- a report on the exchange of company entitlements and, where necessary, the amount of the cash adjustments;
- the projected amount of the merger or acquisition bonus; and
- rights other than shares and the rights granted to partners having special rights, as well as special benefits, where necessary.

All companies involved in a merger and acquisition operation shall prepare a draft merger or acquisition document, which shall be adopted by the board of directors, the managing director or the managers, as the case may be for each of the companies involved in the transaction.



In terms of financial metrics and industry expertise, the merger auditors and the regulatory board review each case presented before them on the basis of merit. There are no published specific metrics set as a minimum.

### ▼ 1.5 Central Planning Authority

The National Electricity Regulatory Agency ensures that the consumers of electricity in Cameroon are protected with regards to tariffs, quality of services and continuity, and in respect of various rules and regulations governing the sector. In 2014, a presidential decree created SONATREL, a state-owned National Electricity Transmission Company with two principal missions:

- the transmission of electricity; and
- management of the transmission networks.

This provides that the transmission and management of the networks is monopolised by the state. These activities were then detached from AES SONEL, which is now called ENEO and maintains a natural monopoly in the segment of distribution.

Other enterprises can only distribute in off-grid rural areas outside ENEO's perimeter of distribution. There is a regulator in the sector, who ensures that the consumers of electricity in Cameroon are protected in terms of tariffs, quality of services and continuity, in addition to ensuring compliance in the sector.

Unlike in the past, when the lone state-owned corporation managed the generation, transmission, supply and sale of electricity, the regulatory agency is now more relevant and, as such, the different segments in the power industry have now been separated. With the creation of the national

electricity transmission company, the regulatory agency now oversees all the different segments, and has powers to sanction and fine the different companies involved in the electricity industry.

The different authorities and their functions vis-à-vis their involvements in the regulation of the electricity industry in Cameroon are outlined below.

- Ministry of Water Resources and Energy

This government authority is in charge of overseeing the implementation of the national energy policy in Cameroon. Under the direct supervision of the Presidency of the Republic, it also provides guidelines and advises on the procedure to obtain a licence to operate within the energy industry in Cameroon.

- The Electricity Sector Regulatory Agency (ARSEL)

With the liberalisation of the sector, the need to have a regulator was inevitable. ARSEL's main mission is to regulate, control and monitor the activities of operators in the electricity sector. ARSEL is placed under the direct supervision of the Ministry in charge of Electricity, which defines State Policy in the Electricity Sector, while ARSEL ensures the implementation of such policies by operators as well as consumers.

- The Electricity Development Corporation – EDC

This is a public institution responsible for operating and managing publicly owned electricity infrastructures, supporting and implementing infrastructure projects and participating in the development and promotion of private and public investments in the electricity sector.

## ▼ 1.6 Recent Material Changes in Law or Regulation

There have been no changes in the law or regulations in the electricity sector other than those mentioned above. Cameroon's electricity sector is still dependent on the 2011 Electricity Laws and subsequent Decrees.

### ▼ **1.7 Announcements Regarding New Policies**

The legal framework supporting the development of energy in Cameroon is not as substantial as it ought to have been, given the importance of energy production in a growing economy like Cameroon. The main reason advanced for this is that the sector was only liberalised in the past decade. Although various relevant legal texts exist, there is room for review and additional legislation on pertinent issues. Tariffs are not yet clearly defined, and rules for signing PPAs are ambiguous. Cameroon is yet to have a concise law on renewable energy.

### ▼ **1.8 Unique Aspects of the Power Industry**

With the creation of SONATREL, transmission and the management of the network shall be detached from ENEO.

It is worth noting that there are three network systems in Cameroon: the North interconnected network (RIN) connecting the Northern regions of Cameroon, the Eastern Interconnected Grid and the South interconnected network (RIS).

Thus, since the late 1990s, the state has gradually disengaged from activities in the electricity sector, making the market competitive, especially at the levels of generation and sale. Transmission, management of the network and distribution are now separate segments of the industry. The liberalisation of the power industry has encouraged competition, as evidenced by the creation of other IPPs, such as KPDC, DPDC, and GRENOR CAMEROON.

## ▼ 2. Market Structure, Supply and Pricing

### ▼ 2.1 Structure of the Wholesale Electricity Market

The current structure and legal framework of the electricity sector in Cameroon are a result of the successive reforms of 1998 and 2011. The 1998 Electricity Law preceded a complementary Electricity Decree in 2000. These laws enabled the liberalisation and privatisation of Sonel, the state-owned power entity. In 2001, AES purchased a 56% share in Sonel, creating AES Sonel. As part of the privatisation, AES Sonel and the Cameroon state signed a concession agreement. In 2014, AES sold its interest in AES Sonel to ACTIS, and the company was renamed ENEO Cameroon. ENEO Cameroon operates three distinct grids:

- the Southern Interconnected Grid: a 225 kV network connecting the major hydropower stations to large aluminum factories, as well as Yaoundé and Douala, the country's largest cities and main consumption areas;
- the Northern Interconnected Grid: 110 kV and 90 kV structures dispatching the power generated by Lagdo power station to cover the region's modest demand; and
- the Eastern Interconnected Grid: a low voltage distribution grid of 30 kV.

The wholesale price of electricity is subject to price regulation by the stakeholders. As a result of the existing sector reforms, and to improve the financial sustainability and performance of the sector, tariffs for regulated low voltage (LV) and medium voltage (MV) customers changed from a price cap to a revenue cap. As a result, LV/MV electricity tariffs have risen, with the current average at USD0.14/kWh (82 FCFA/kWh). However, for social and political reasons, the full tariff increase was not passed on to consumers. Since 2012, the government of Cameroon has opted to

compensate ENEO directly, with compensation amounting to about USD30 million annually, which allows for the actual tariff to be about USD0.135/kWh (78 FCFA/kWh).

In contrast to LV/MV customers, Cameroon's Aluminum Smelter Plant (ALUCAM) and two other high voltage (HV) consumers, together representing about 25% of national energy demand, continue to benefit from a highly subsidised power price, set at USD0.027/kWh (16 FCFA/kWh) under a long-term Power Purchase Agreement with ENEO.

As mentioned above, the principal laws governing the structure and function of the wholesale electricity market are as follows:

- Law No 98/022 of 24 December 1998 governing the electricity sector;
- Law No 2011/022 of 14 December 2011 governing the electricity sector; and
- Decree No 2000/464/PM of 30 June 2000 governing the activities of the electricity sector.

The evolution of price levels can be tracked because they are regulated and made public through ARSEL's decisions. Tariffs distinguish between three main types of consumers: low voltage consumers (households, small businesses and street lighting), medium voltage consumers (larger businesses) and high voltage consumers (industries). These numerous changes in the tariff structure make it hard to estimate directly whether the yearly price increases allowed in the concession contract are respected or not. It is ARSEL's role to monitor these issues. In any case, prices have increased for all consumers after privatisation, except for ALUCAM, which is protected by its previous contract with Sonel. See <https://www.researchgate.net>.

## ▼ 2.2 Imports and Exports of Electricity

The 2011 Electricity Law in Cameroon permits the import and export of electricity, with Sections 32 and following of the law stating that electricity importers and exporters shall carry out their activities in accordance with the provisions of this law, its implementing instruments and the international commitments of the Republic of Cameroon. In the application relating to each import, the operators shall state the destination of the imported electricity, depending on whether it is for sale on the national market or is in transit for export purposes.

Licences to sell extra high, high and medium voltage electricity power, as well as those for the independent production, import and export of electricity, shall be granted only to operators who fulfil the technical requirements and provide adequate financial guarantees to carry out their activities.

After the granting of the licence referred to above, electricity that exceeds the needs of the domestic market can go to any destination and be sold abroad under the most favourable conditions, in accordance with the international commitments of the Republic of Cameroon. As and when necessary, the government may suspend the import and export of electricity, particularly under exceptional circumstances.

## ▼ 2.3 Supply Mix for the Entire Market

The main energy source used in Cameroon is still biomass. For cooking and heating purposes, the majority of Cameroonians still rely on biomass, which is abundant and – to certain extents – renewable and affordable. Electricity and gas are still very lowly used, mostly because of non-availability and non-accessibility, especially in the rural areas. According to the Cameroon Energy Situation (SEC) in 2011, the energy consumption mix

was 73% biomass, 20% oil and gas products, and 7% electricity, totaling around 6000ktoe (Kilo tons of oil equivalent) for the whole country and converted to about 0.3toe (tons of oil equivalent) per capita. A quick comparison with the world average per capita consumption of about 2toe shows that access to energy in Cameroon is still extremely low.

- Solar Energy: 6%;
- Wind Energy: 1%;
- Geothermal Energy: unknown, although there is geothermal potential in extensive areas where hot springs are found, including the Ngaoundéré region, Mt Cameroon region and Manengoumba area with Lake Moundou; and
- Large-scale Hydropower: 74%.

#### ▼ **2.4 Principal Laws Governing Market Concentration Limits**

The main laws governing market concentration limits are:

- Law No. 2011/022 dated 14 December 2011 (the 2011 Law); and
- Decree No 99/125 of 15 June 1999 to set up the organisation and functioning of the Electricity Sector Regulatory Agency.

To better understand the regulators and enforcement of their limits, each of the bodies is outlined below.

The Electricity Sector Regulatory Agency (ARSEL): ARSEL is the agency in charge of supervising the sector, and pronounces penalties, approves the annual tariff to be paid by final consumers, and analyses any new investments in the sector by studying applications for concessions, licences and authorisations before they are granted by the Ministry of Water Resources and Energy, which has authority over ARSEL.

ENEO: ENEO is still the largest electricity producer in Cameroon, with a total installed capacity of 999 MW (the maximum authorised under the production concession agreement), consisting of 39 power plants, 13 of which are interconnected to the network and 26 are isolated gas-fired power plants.

Transmission activities are still carried out by ENEO under its transmission concession agreement, but these activities are to be transferred to a new state-owned entity in accordance with the 2011 Law. The transmission network is made of three distinct grids: the Southern interconnected grid (which is the largest, and includes the Yaoundé and Douala areas) and the smaller Northern and Eastern interconnected grids.

According to the 2011 Law, licences to sell extra high, high and medium voltage electricity power, as well as those for the independent production, import and export of electricity, shall be granted only to operators who fulfil the technical requirements and provide adequate financial guarantees to carry out their activities.

After the granting of the licence, electricity that exceeds the needs of the domestic market can go to any destination and be sold abroad under the most favourable conditions, in accordance with the international commitments of the Republic of Cameroon.

As and when necessary, the government may suspend the import and export of electricity, particularly under exceptional circumstances.

#### ▼ **2.5 Agency Conducting Surveillance to Detect Anti-competitive Behaviour**

Law No 98/013 of 14 July 1998 relating to competition created the National Competition Commission (CNC), under the supervision of the Ministry of Commerce. According to this law, the modus operandi of this entity is set



by way of decree. Decree No 2005/1363/PM of 6 May 2005, which set the composition and modus operandi of the NCC, was recently repealed and replaced by the Decree of 13 December 2013 (Decree 2013).

The CNC is responsible for the following:

- examining and giving an opinion on all matters relating to competition policy in Cameroon, especially on draft legal and statutory instruments that are likely to influence competition on the domestic market;
- identifying, controlling and, where applicable, prosecuting and punishing anti-competitive practices defined in this law; and
- providing expert opinion and the necessary assistance to make a court ruling on competition.

With regards to potential penalties for anti-competitive behaviour, where the CNC concludes that a company is abusing its dominant position, it may order the company to stop the practice in question. If the company does not comply with this order, it will be required to pay a penalty equivalent to 50% of its profit or 20% of its turnover in the Cameroonian market during the year preceding the year in which the contravention was committed.

### ▼ 3. Climate Change Laws and Alternative Energy

#### ▼ 3.1 Principal Climate Change Laws and/or Policies

There are no particular climate change laws in effect in Cameroon. However, in June 2016, the Head of State was authorised to issue a decree on the ratification of the Paris agreement on climate change, adopted at the end of the COP 21, which was later ratified by the parliament and enacted on 10 June 2016. See <https://www.businessincameroon.com>.

### ▼ **3.2 Principal Laws and/or Policies Relating to the Early Retirement of Carbon-based Generation**

There are no particular laws or policies that govern the early retirement of carbon-based generation in Cameroon, as far as is known.

However, Cameroon's economic transformation plan envisages quadrupling energy production capacity to 6 GW by 2025. If it is to do so whilst reducing its greenhouse gas emissions, it will need to considerably increase the use of renewable energy sources.

### ▼ **3.3 Principal Law and/or Policies to Encourage the Development of Alternative Energy Sources**

Unlike many other African countries, such as Nigeria, Cameroon has no clear energy policy and hence no clear guidelines regarding renewables. However, most of the laws enacted in the Cameroonian parliament have aspects of renewable energy, though the focus is mostly on hydropower.

Although the government of Cameroon has established a strategy to modernise the electricity sector, with several measures to facilitate the deployment of renewables, no fiscal incentives are so far available.

In order to increase access to modern energy services in the rural communities, Cameroon has created the Rural Electrification Agency, which is charged with the support and allocation of licences for electricity production for remote areas. In terms of investment, the Cameroon Renewable Energy Fund (CREF) was established by the ECO company and the National Investment Corporation (SNI) to provide expertise and funding for the development of renewable energy projects (hydropower and biomass) to enhance the provision of modern energy services in the country.

One of Cameroon's main targets is to achieve universal access to electricity for all Cameroonians through a significant investment in the energy sector, including renewable energy. The policy for renewable energy is still being examined. The goal is to increase the share of renewable energy in power, and to involve private capital in the delivery of energy.

Programmes are conducted through a competitive procurement process, which entails making financial incentives available to induce the development of alternative energy sources. As a matter of fact, the 2011 Electricity Law promotes and ensures the development and production of renewable energy.

ENEO's capital funding strategy relies on private and public funds. For example, AES paid USD71 million to the government of Cameroon to acquire a 56% stake in Sonel. IFC was Cameroon's leading lender for the transaction. AES then sold its 56% stake in Sonel to ACTIS for USD220 million. AES initially gained its concession through an international public tender, in which five entities pre-qualified, but two of the five withdrew before bidding was launched. The government made the deal more attractive to potential investors by guaranteeing 50% of the purchase price against a number of risks, including:

- the accuracy of financial accounting data;
- the net book value of shareholders' equity; and
- the accuracy of asset lists.

AES was the only company to submit a bid that met the technical and financial requirements.

AES Sonel received USD240 million through a syndicated loan in 2006 to support its investment plans. IFC provided a loan of up to USD70 million as part of that package, 15.7% of which came from the African Development Fund (ADF).

Revenues are generated through cost-reflective tariffs, which have been the subject of recurrent negotiations between the State of Cameroon and AES (now Actis). In addition, ENEO also has access to government and donor subsidies for new connections for customers further away from distribution lines.

ENEO currently receives subsidies from the government of Cameroon to compensate for not applying the revised tariff approved in accordance with the concession.

#### ▼ 4. Generation

##### ▼ 4.1 Principal Laws Governing the Construction and Operation of Generation Facilities

The principal laws are as follows:

- Law No 98/022 of 24 December 1998 governing the electricity sector;
- Law No 2011/022 of 14 December 2011 governing the electricity sector; and
- Decree No 2000/464/PM of 30 June 2000 governing the activities of the electricity sector.

The 2011 Law provides that the construction, operation and maintenance of electricity transmission lines shall, as applicable, be authorised or controlled by the state in accordance with the specifications of the respective concessions for the generation and transmission of electricity for industrial purposes.

Section 55(1) of the 2011 Law states that the holder of a concession to generate or transmit electricity for industrial purposes must comply with the good practices and regulations in force, particularly the technical and safety standards relating to the protection of the environment and the population.

Furthermore, section 55(2) provides that, where some of the power generated is intended for public service, the holder of a concession to generate or transmit electricity for industrial purposes must go through a competitive bidding procedure for the construction of the transmission or generation facilities, under the supervision of the Electricity Sector Regulatory Agency.

Section 56(1) further specifies that third parties shall have the right to access existing transmission lines under the concession to transmit electricity for industrial purposes, provided they are connected to the national transmission network, on the following conditions:

- access by third parties is feasible in terms of the reliability, safety and capacity of transmission lines;
- access by third parties does not disrupt the concession holder's transmission activities; and
- the concession holder receives a fee to cover the cost of the connection and maintenance of transmission lines, and to offer the concession holder a normal profit for the service rendered. On the proposal of the concession holder, the Electricity Sector Regulatory Board shall ascertain the profit.

Section 56(2) states that the conditions of access to transmission lines by third parties shall be laid down by regulation.

ENEO has an installed generation capacity of 968 MW, with a capacity limit set at 1000 MW, consisting of 39 generation power plants, including 13 grid power plants and 26 remote thermal power plants, with 74% of the electricity generated sourced from hydropower. See <http://extwprlegs1.fao.org/docs/pdf/cmr109549E.pdf> (<http://extwprlegs1.fao.org/docs/pdf/cmr109549E.pdf>).

#### ▼ 4.2 Regulatory Process for Obtaining All Approvals to Construct and Operate Generation Facilities

The Ministry of Water Resources and Energy of Cameroon is in charge of governmental actions in the energy sector, and is responsible for:

- planning and defining national energy policy and strategies;
- supervising energy sector activities, including long-term investment plans for IPPs and transmission lines; and
- granting the necessary authorisations, licences and concessions to operate in the power sector.

The most important factor taken into consideration in the decision of whether or not to approve a generation project (which is also binding on approval for distribution, manufacture, import and export, etc) is to ensure that the operator owns a certificate of compliance for the installation, with the regulations and safety standards in force.

The Electricity Law states that anyone who wants to carry out any activities in this domain shall submit their application file after an open call to tenders has been launched, and can be considered to be an aspect of public participation.

The environmental impact evaluation of activities in the electricity sector that require an authorisation, a licence or a concession shall be carried out at the expense of the operator.

Section 11 of the 2011 Law states that activities in the electricity sector shall be placed under one of the following legal schedules:

- the concession;
- the licence;
- the authorisation;
- the declaration; or
- the free scheme.

The Ministry in charge of electricity shall grant concessions and licences. The Electricity Sector Regulatory Board shall be competent in all other cases, and shall ensure compliance with the laws and regulations on environmental protection.

Article 30 then provides that ARSEL receives and processes applications for licences relating to the activities referred to in Article 29, and transmits them to administrative authorities.

The Ministry in charge of Electricity is the only governmental agency charged with determining the timelines. However, according to the applicable administrative law, any application lodged with any government agency must receive a reply within three months. Failure to respond within the specified three months will mean that the application is considered as having been given a favourable outcome.

#### ▼ **4.3 Terms and Conditions Imposed in Approvals to Construct and Operate Generation Facilities**

Decree No 2000/464/PM of 30 June 2000 governing the activities of the electricity sector provides that companies in the electricity sector are subject to public service obligations, particularly concerning the equal treatment of users, continuity and adaptability of the service, neutrality, security (including security of supply), regularity, quality and supply prices, as well as the protection of the environment. These obligations must be clearly defined, non-discriminatory, transparent and controllable.

The concession agreements, licences and authorisations granted under the law governing the electricity sector specify the extent of these public service obligations.

According to Article 17 of Decree No 2000/464/PM of 30 June 2000, the Electricity Administration and the holders of concessions, licences or authorisations may, at any time, with the approval of the Agency and by mutual agreement, revise the terms of the concessions, licences and authorisations for the production of electricity or their specifications, in accordance with the terms and conditions defined in those titles.

In addition, and subject to the consent of the Agency and the holders of concessions, licences or authorisations, the Electricity Administration may unilaterally revise concessions, licences, authorisations or their specifications in the sole interest of better management of the electricity sector and promoting government policy in the sector, in accordance with the following procedure:

- it informs the holders of concessions, licences or authorisations of electricity production of the modifications which it plans to make to the concession, licence or authorisation of production of electricity, or to their specifications, and the reasons justifying these changes. These reasons must be objective, non-discriminatory and duly motivated; and



- it indicates the deadline, which cannot be shorter than 30 days, during which time any interested party can ask to be heard.

#### ▼ 4.4 Proponent's Eminent Domain, Condemnation or Expropriation Rights

According to Decree No 87-1872 of 16 December 1987 to implement law No 85-9 of 4 July 1985 to lay down the procedure governing expropriation for public purposes and conditions for compensation, any ministry intending to undertake an operation for a public purpose shall forward two copies of a preliminary file to the Minister in charge of Lands, containing the following:

- an application accompanied with an explanatory note indicating the purpose of the operation; and
- an information sheet indicating the main characteristics of the structures to be erected and specifying the following, among other factors:
  - the approximate surface area of the land solicited, duly justified;
  - the estimated cost of the project, including compensation;
  - the approximate date of starting the work; and
  - the availability of credits for compensation, indicating the budgetary appropriations or all other means of compensation.

As soon as he receives the file, the Minister in charge of Lands shall assess the importance of the project. Where he feels that the project is for public purposes, he shall sign an order declaring the proposed work as being for public purposes, and shall define the area of competence of the commission responsible for the expropriation inquiry, known as the verification and valuation commission.

#### ▼ 4.5 Requirements for Decommissioning

As Cameroon is a member state of the International Atomic Energy Agency, the IAEA Safety Standards for protecting people and the environment rules apply when it comes to the decommissioning of facilities in Cameroon. That said, the following requirements and obligations must be established for decommissioning:

- Requirement 1: optimisation of protection and safety in decommissioning – exposure during decommissioning shall be considered to be a planned exposure situation and the relevant requirements of the Basic Safety Standards shall be applied accordingly during decommissioning.
- Requirement 2: graded approach in decommissioning – a graded approach shall be applied in all aspects of decommissioning in determining the scope and level of detail for any particular facility, consistent with the magnitude of the possible radiation risks arising from the decommissioning.
- Requirement 3: assessment of safety for decommissioning – safety shall be assessed for all facilities for which decommissioning is planned, and for all facilities undergoing decommissioning.

Responsibilities in respect of financial provisions for decommissioning shall be set out in national legislation. These provisions shall include establishing a mechanism to provide adequate financial resources and to ensure that they are available when necessary, for ensuring safe decommissioning.

It shall be ensured that adequate financial resources are available when necessary to cover the costs associated with safe decommissioning, including management of the resulting waste. The cost estimate for decommissioning shall be updated on the basis of the periodic update of

the initial decommissioning plan or on the basis of the final decommissioning plan. The mechanism used to provide financial assurance shall be consistent with the cost estimate for the facility, and shall be changed if necessary.

If financial assurance for the decommissioning of an existing facility has not yet been obtained, adequate financial resources shall be put in place as soon as possible. Approval of a renewal or extension of the authorisation for operation of the facility shall include provisions for financial assurance.

In the event of a sudden shutdown of the facility, provisions shall be put in place to enable use of the financial resources for decommissioning when they are needed. If the decommissioned facility is to be released with restrictions on its future use, financial assurances shall be such that financial resources are available for monitoring, surveillance and control of the facility throughout the necessary time period.

## ▼ 5. Transmission

### ▼ 5.1 Regulation of Construction and Operation of Transmission Lines and Associated Facilities

#### ▼ **5.1.1 Principal Laws Governing the Construction and Operation of Transmission Facilities**

The principal Laws governing the construction and operation of transmission lines and associated facilities are as follows:

- Law No 98/022 of 24 December 1998 governing the electricity sector;
- Law No 2011/022 of 14 December 2011 governing the electricity sector;
- and

- Decree No 2000/464/PM of 30 June 2000 governing the activities of the electricity sector.

The 2011 Law provides that the construction, operation and maintenance of electricity transmission lines shall, as applicable, be authorised or controlled by the state in accordance with the specifications of the respective concessions for the generation and transmission of electricity for industrial purposes. Section 55(1) states that the holder of a concession to generate or transmit electricity for industrial purposes must comply with the good practices and Cameroonian regulations in force, particularly the technical and safety standards relating to the protection of the environment and the population. Section 55(2) states that, where some of the power generated is intended for public service, the holder of a concession to generate or transmit electricity for industrial purposes must go through a competitive bidding procedure for the construction of the transmission or generation facilities, under the supervision of the Electricity Sector Regulatory Agency.

Section 56(1) further states that third parties shall have the right to access existing transmission lines under the concession to transmit electricity for industrial purposes, provided they are connected to the national transmission network, on the following conditions:

- access by third parties is feasible in terms of the reliability, safety and capacity of transmission lines;
- access by third parties does not disrupt the concession holder's transmission activities; and
- the concession holder receives a fee to cover the cost of the connection and maintenance of transmission lines, and to offer the concession holder normal profit for the service rendered. The profit

shall be ascertained by the Electricity Sector Regulatory Board, on the proposal of the concession holder.

The conditions of access to transmission lines by third parties shall be laid down by regulation.

ENEO has an installed generation capacity of 968 MW, with a capacity limit set at 1000 MW, consisting of 39 generation power plants, including 13 grid power plants and 26 remote thermal power plants, with 74% of the electricity generated sourced from hydropower.

#### ▼ **5.1.2 Regulatory Process for Obtaining Approvals to Construct and Operate Transmission Facilities**

The generation and transmission of electricity for industrial purposes are subject to the legal regimes of concessions to generate and transmit electricity for industrial purposes, and shall be governed by the 2011 Law governing electricity in Cameroon.

The owners of hydroelectricity power stations and the operators of electricity transmission networks, transmission and distribution shall be selected through a call for tenders, following the procedure laid down by regulation. However, where necessary and under certain conditions laid down by regulation, the storage of water for the generation of electricity (in particular hydroelectric production) and the operation of the transmission network, transmission and supply may, in special cases, be granted without any call for tenders.

The holder of a concession to operate a transmission network shall forward an annual estimate of the generation, transmission and distribution capacities of the network to the Ministry in charge of

Electricity and the Electricity Sector Regulatory Board, for publication. He shall determine the needs for interconnection with other networks, the potential transmission capacities and the demand for electricity.

The Electricity Sector Regulatory Board makes its decision on the project within one month of receiving all the appropriate documents.

### ▼ **5.1.3 Terms and Conditions Imposed in Approvals to Construct and Operate Transmission Facilities**

The construction, operation and maintenance of electricity lines shall, as applicable, be authorised or controlled by the state in accordance with the specifications of the respective concessions for the generation and transmission of electricity for industrial purposes.

The holder of a concession to generate or transmit electricity for industrial purposes must comply with the good practices and Cameroonian regulations in force, particularly the technical and safety standards relating to the protection of the environment and the population.

Where some of the power generated is intended for public service, the holder of a concession to generate or transmit electricity for industrial purposes must go through a competitive bidding procedure for the construction of the transmission or generation facilities, under the supervision of the Electricity Sector Regulatory Agency.

The main reason for this is to provide transparency and protect the local population from any undesirable environmental effects.

Section 17 of Decree No 2000/464/PM of 30 June 2000 states that the Electricity Administration and the holders of concessions, licences or authorisations may, at any time, with the approval of the Agency and by

mutual agreement, revise the terms of the concessions, licences and authorisations for the production of electricity or their specifications, in accordance with the terms and conditions defined in those titles.

In addition, subject to the consent of the Agency and the holders of concessions, licences or authorisations, the Electricity Administration may unilaterally revise concessions, licences, authorisations or their specifications in the sole interest of better management of the electricity sector and promoting government policy in the sector, in accordance with the following procedure:

- it informs the holders of concessions, licences or authorisations of electricity production of the modifications which it plans to make to the concession, to the licence, to the authorisation of production of electricity or to their specifications, and the reasons justifying these changes. These reasons must be objective, non-discriminatory and duly motivated; and
- it indicates the deadline, which cannot be shorter than 30 days, during which time any interested party can ask to be heard.

Any modification of the transport and distribution concessions, of sales licences benefitting the exclusive right of sale over all or part of the national territory or of their specifications which affects the obligations of their holders will be accompanied by a revision of the tariff conditions, in accordance with the terms of this Decree, or direct financial compensation or a combination of both.

Where the Electricity Administration carries out unilateral revisions in violation of the provisions of this Decree, the holder of the concession, licence or authorisation may seek judicial redress for any reparation in the form of damages.

#### ▼ **5.1.4 Proponent's Eminent Domain, Condemnation or Expropriation Rights**

According to Decree No 87-1872 of 16 December 1987 to implement Law No 85-9 of 4 July 1985 to lay down the procedure governing expropriation for public purposes and conditions for compensation, any ministry intending to undertake an operation for public purposes shall forward two copies of a preliminary file to the Minister in charge of Lands, containing the following:

- an application accompanied with an explanatory note indicating the purpose of the operation; and
- an information sheet indicating the main characteristics of the structures to be erected and specifying the following, among other factors:
  - the approximate surface area of the land solicited, duly justified;
  - the estimated cost of the project, including compensation;
  - the approximate date of starting the work; and
  - The availability of credits for compensation, indicating the budgetary appropriations or all other means of compensation.

As soon as he receives the file, the Minister in charge of Lands shall assess the importance of the project. Where he feels that the project is for public purposes, he shall sign an order declaring the proposed work as being for public purposes, and shall define the area of competence of the commission responsible for the expropriation inquiry, known as the verification and valuation commission.

#### ▼ **5.1.5 Transmission Service Monopoly Rights**

For transmission entities, just as is the case with concession agreements, licences and authorisations granted under the law governing the electricity sector define the rights and obligations of their holders in



the context of their activity. These rights and obligations are non-discriminatory and are established within the perspective of a contract and a competitive electricity market, in accordance with the provisions of the decree of 2000 governing the electricity sector.

That said, transmission facilities to be operated or constructed within a defined territory are open to all operators of the electricity sector, and properly regulated by the administration. A particular operator will not reserve a defined territory particularly for exploitation as long as it is for general interest.

However, the 2011 Law provides that the construction of electricity structures in protected natural zones such as reserves and parks shall be done only following an authorisation granted by the authority in charge of environmental protection, in accordance with the laws and regulations in force.

It is worth noting that Presidential Decree NO 2015/454 of 8 October 2015 creating the National Corporation for the Transmission of Electricity gives the exclusive right for the transmission of electricity in Cameroon to said corporation.

## ▼ 5.2 Regulation of Transmission Service, Charges and Terms of Service

### ▼ 5.2.1 Principal Laws Governing the Provision of Transmission Service, Regulation of Transmission Charges and Terms of Service

Again, the 2011 Law is the primary piece of legislation.

The Electricity Administration is competent to set tariff conditions for the granting of concessions, licences and authorisations, unless otherwise provided for in the decree governing the electricity sector.

The revisions of the tariff conditions are carried out by the Agency. In addition, in rural areas that are subject to licensing, tariffs are set and revised by the Agency on the basis of principles that will allow the operator reasonable profitability under normal operating conditions. See <http://www.minjustice.gov.cm>. (<http://www.minjustice.gov.cm>.)

#### ▼ **5.2.2 Establishment of Transmission Charges and Terms of Service**

The Ministry of Energy and Water Resources set tariffs, upon ARSEL's recommendation.

Both the concession and the licence provide terms and conditions of periodic modifications of the tariff. In any case, the tariffs are reviewed every five years, or if there are any material changes that substantially affect the economic, financial and technical environment in which the contracts were granted.

ARSEL is responsible for regulating the electricity sector, setting the electricity rates in line with consumers' rights and determining electrical standards, and acts as Cameroon's impartial regulator. It reviews and approves the annual tariff to be paid to the power utility by consumers, and promotes fair competition by analysing new investments in the sector and studying applications for concessions, licences and authorisations before they are granted by the Ministry of Energy and Water Resources (which has authority over ARSEL).

Pricing principles in the electricity sector are defined within the context of concession contracts, licences and authorisations, which set the rules and conditions for periodic rate changes. In any case, the tariff conditions are subject to a review every five years or, exceptionally,

earlier if there is a significant change in operating conditions, or because of events that substantially alter the economic, financial or technical environment in which said tariff conditions were defined.

Within the framework of a conciliation procedure, any natural person or corporate body, any professional organisation or users' association to resolve conflicts between users, on the one hand, and operators, on the other hand, may seize the Board.

Any dispute or complaint relating to the tariffs and tariff formulas shall be settled by the Agency in accordance with provisions of the law governing the electricity sector.

#### ▼ **5.2.3 Open-access Transmission Service**

Concession agreements, licences and authorisations granted under the law governing the electricity sector define the rights and obligations of their holders in the context of their activity. These rights and obligations are non-discriminatory and are established within the perspective of a contract and a competitive electricity market, in accordance with the provisions of the 2000 decree governing the electricity sector.

Open access electricity is regulated by the same laws and regulations (decrees) that govern the electricity sector in Cameroon. Users of transmission services acquire rights to those services, as laid down in the laws and regulated by ARSEL.

### ▼ **6. Distribution**

#### ▼ **6.1 Regulation of Construction and Operation of Electricity Distribution Facilities**

##### ▼ **6.1.1 Principal Laws Governing the Construction and Operation of Electricity Distribution Facilities**

The principal laws governing the construction and operation of transmission lines and associated facilities in Cameroon are as follows:

- Law No 98/022 of 24 December 1998 governing the electricity sector;
- Law No 2011/022 of 14 December 2011 governing the electricity sector; and
- Decree No 2000/464/PM of 30 June 2000 governing the activities of the electricity sector.

The 2011 Law provides that the construction, operation and maintenance of electricity transmission lines shall, as applicable, be authorised or controlled by the state in accordance with the specifications of the respective concessions for the generation and transmission of electricity for industrial purposes. Section 55(1) states that the holder of a concession to generate or transmit electricity for industrial purposes must comply with the good practices and Cameroonian regulations in force, particularly the technical and safety standards relating to the protection of the environment and the population. Section 55(2) states that, where some of the power generated is intended for public service, the holder of a concession to generate or transmit electricity for industrial purposes must go through a competitive bidding procedure for the construction of the transmission or generation facilities, under the supervision of the Electricity Sector Regulatory Agency.

Section 56(1) further states that third parties shall have the right to access existing transmission lines under the concession to transmit electricity for industrial purposes, provided they are connected to the national transmission network, on the following conditions:

- access by third parties is feasible in terms of the reliability, safety and capacity of transmission lines;

- access by third parties does not disrupt the concession holder's transmission activities; and
- the concession holder receives a fee to cover the cost of the connection and maintenance of transmission lines, and to offer the concession holder normal profit for the service rendered. The profit shall be ascertained by the Electricity Sector Regulatory Board, on the proposal of the concession holder.

The conditions of access to transmission lines by third parties shall be laid down by regulation.

ENEO has an installed generation capacity of 968 MW, with a capacity limit set at 1000 MW, consisting of 39 generation power plants, including 13 grid power plants and 26 remote thermal power plants, with 74% of the electricity generated sourced from hydropower.

#### ▼ **6.1.2 Regulatory Process for Obtaining Approvals to Construct and Operate Distribution Facilities**

The Ministry of Water Resources and Energy is in charge of the governmental actions in the energy sector, and is responsible for the following:

- planning and defining national energy policy and strategies;
- supervising energy sector activities, including long-term investment plans for IPPs and transmission lines; and
- granting the necessary authorisations, licences and concessions to operate in the power sector.

Before turning on a new or repaired installation, any electricity distributor must request a certificate of compliance with the regulations and safety standards in force.

The Electricity Law states that anyone who wants to carry out any activities in this domain shall submit their file after an open call to tenders has been launched, and can be considered to be an aspect of public participation.

The environmental impact evaluation of activities in the electricity sector that require an authorisation, a licence or a concession shall be carried out at the expense of the operator.

Section 11 of the 2011 Law states that activities in the electricity sector shall be placed under one of the following legal schedules:

- the concession;
- the licence;
- the authorisation;
- the declaration; or
- the free scheme.

The Ministry in charge of Electricity shall grant concessions and licences. The Electricity Sector Regulatory Board shall be competent in all the other cases provided for, and shall ensure compliance with the laws and regulations on environmental protection.

Article 30 then provides that ARSEL receives and processes applications for licences relating to the activities referred to in Article 29 and transmits them to administrative authorities.

The Electricity Sector Regulatory Board makes its decision on the project within one month of receiving all the appropriate documents.

### ▼ **6.1.3 Terms and Conditions Imposed in Approvals to Construct and Operate**

The following are taken into account when considering the approval to construct and operate electric distribution facilities:

- the technical, economic and financial capacity of the applicant in respect of all his obligations;
- the applicant's professional experience;
- the cost of supplying electrical energy;
- the safety and security standards relating to electrical networks, installations and associated equipment, set by order of the Minister of Electricity;
- environmental protection standards;
- land use, site selection and public domain uses;
- the good reputation required to assume the responsibilities arising from the activity for which the concession, licence or authorisation is sought;
- guarantees of energy efficiency; and
- the nature of the primary energy sources proposed for the diversification of these energy sources and the minimisation of the cost of electricity in the long term.

According to article 17 of Decree No 2000/464/PM of 30 June 2000, the Electricity Administration and the holders of concessions, licences or authorisations may, at any time, with the approval of the Agency and by mutual agreement, revise the terms of the concessions, licences and authorisations for the production of electricity or their specifications in accordance with the terms and conditions defined in those titles.

In addition, subject to the consent of the Agency and the holders of concessions, licences or authorisations, the Electricity Administration may unilaterally revise concessions, licences, authorisations or their

specifications in the sole interest of better management of the electricity sector and promoting government policy in the sector, in accordance with the following procedure:

- it informs the holders of concessions, licences or authorisations of electricity production of the modifications which it plans to make to the concession, to the licence, to the authorisation of production of electricity or to their specifications and the reasons justifying these changes. These reasons must be objective, non-discriminatory and duly motivated; and
- it indicates the deadline, which cannot be shorter than 30 days, during which time any interested party can ask to be heard.

Any modification of the transport and distribution concessions, sales licences benefitting the exclusive right of sale over all or part of the national territory or of their specifications that affects the obligations of their holders will be accompanied by a revision of the tariff conditions, in accordance with the terms of this Decree, or direct financial compensation or a combination of both.

Where the Electricity Administration carries out unilateral revisions in violation of the provisions of this Decree, the holder of the concession, licence or authorisation may seek judicial redress for any reparation in the form of damages.

#### ▼ **6.1.4 Proponent's Eminent Domain, Condemnation or Expropriation Rights**

Law No 80-21 of 14 July 1980 to amend certain provisions of Ordinance No 74-1 of July 1974 to establish rules governing land tenure states that, in order to carry out projects of general interest, the state may resort to the procedure of expropriation for public purpose. This procedure may



be direct if it is intended to carry out projects of public interest, or indirect, upon the request of local councils, public establishments, public utility undertaking or semi-governmental corporations.

Expropriation for public purposes shall exclusively affect private property as recognised by the law and regulations.

The abovementioned law further provides that persons affected by expropriation shall be entitled to compensation in cash or in kind, under the conditions defined in the law. The compensation to be granted to a victim of expropriation shall be fixed by an expropriation decree. The corporate body benefiting therefrom shall effect compensation for expropriation.

Compensation for expropriation shall be related to the direct, immediate and verifiable material damage caused by the dispossession, and shall cover the following:

- bare land;
- crops;
- buildings; and
- any other type of development, whatever its nature, duly verified by the verification and valuation commission.

The composition and functioning of the verification and valuation commission shall be determined by regulation.

#### ▼ **6.1.5 Distribution Service Monopoly Rights**

Concession agreements, licences and authorisations granted under the law governing the electricity sector define the rights and obligations of their holders in the context of their activity. These rights and obligations

are non-discriminatory and are established within the perspective of a contract and a competitive electricity market, in accordance with the provisions of the 2000 decree governing the electricity sector.

Legislation provides that distribution network operators shall be subject to specific obligations in the public interest, particularly that of supplying electricity to any natural or corporate body in the area for which the concession is granted, according to the conditions set out in the specifications.

## ▼ 6.2 Regulation of Distribution Service, Charges and Terms of Service

### ▼ 6.2.1 Principal Laws Governing the Provision of Distribution Service, Regulation of Distribution Charges and Terms of Service

The principal laws governing the provision of electricity distribution service and the regulation of electricity distribution system charges and terms of service are as follows:

- Law No 98/022 of 24 December 1998 governing the electricity sector;
- Law No 2011/022 of 14 December 2011 governing the electricity sector;
- Decree No 99/125 of 15 June 1999 to set up the organisation and functioning of the Electricity Sector Regulatory Agency;
- Decree No 99/193 of 8 September 1999 to set up the organisation and functioning of the Rural Electrification Agency; and
- Decree No 2000/464/PM of 30 June 2000 governing the activities of the electricity sector.

### ▼ 6.2.2 Establishment of Distribution Charges and Terms of Service

Article 30 of the 2011 Law provides that ARSEL receives and processes applications for licences relating to the activities referred to in Article 29, and transmits them to administrative authorities. Article 31 states that

the independent power producers are responsible for the production and sale of electricity to distributors or key accounts, in accordance with both Articles 29 and 34 of the law. Article 34 states that licences to sell electricity of very high, medium and high voltage, and for the independent production, and import and export of electricity, are only granted to operators that are technically qualified and provide proof of sufficient financial guarantees for these activities. Independent producers have proved to make a significant contribution to energy production and distribution in many countries, such as Ivory Coast and Kenya, as they greatly alleviate the electricity deficit.

Electricity pricing is governed in sections 82 to 84 of the 2011 Law.

Pricing principles in the electricity sector shall be defined by the Ministry in charge of Electricity, on the recommendation of the Electricity Sector Regulatory Board, or by the latter, as the case may be, within the framework of concession contracts, licences and authorisations of private or public operators.

Any practices undermining fair competition on the electricity market shall be punishable in accordance with the provisions of the law governing competition.

The rates applied between producers and suppliers on the one hand and a bulk user on the other are freely fixed under their contractual relations, while remaining subject to the requirement to deliver cost structures to the Electricity Sector Regulatory Board 30 days after their introduction. If irregularities are found, particularly in terms of cost transfers or cross subsidies, the Electricity Sector Regulatory Board shall make an adjustment, with a cash penalty of between 50% and 200% of the irregularity.

According to Proparco, the renewable energy is characterised by a specific structure of the capital costs: development costs (especially related to resource assessment) and investment are important, while operating costs are very low. The profitability of these projects is thereby delayed. The evaluation of economic interest compared to fossil fuels must be over a long period (15-20 years) and must use appropriate criteria, such as the average cost of production per kWh updated for hydroelectric or geothermal projects.

Each producer shall initially submit his price allocation form to the Electricity Sector Regulatory Board for approval. Where the producer is a supplier to the dealer or distributor, all contracts (including those concluded with the distributors or bulk users referred to above) shall be submitted to the Board, which has a time-limit of 30 days to make possible reservations and, if need be, challenge the execution of the contracts.

As a regulatory body, any operator to settle disputes between operators may seize the Board. Conditions for settling disputes between operators shall be defined by the Electricity Sector Regulatory Board, in accordance with the provisions of the Uniform Act relating to the arbitration law.

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