

Balancing Stakeholders' Interests

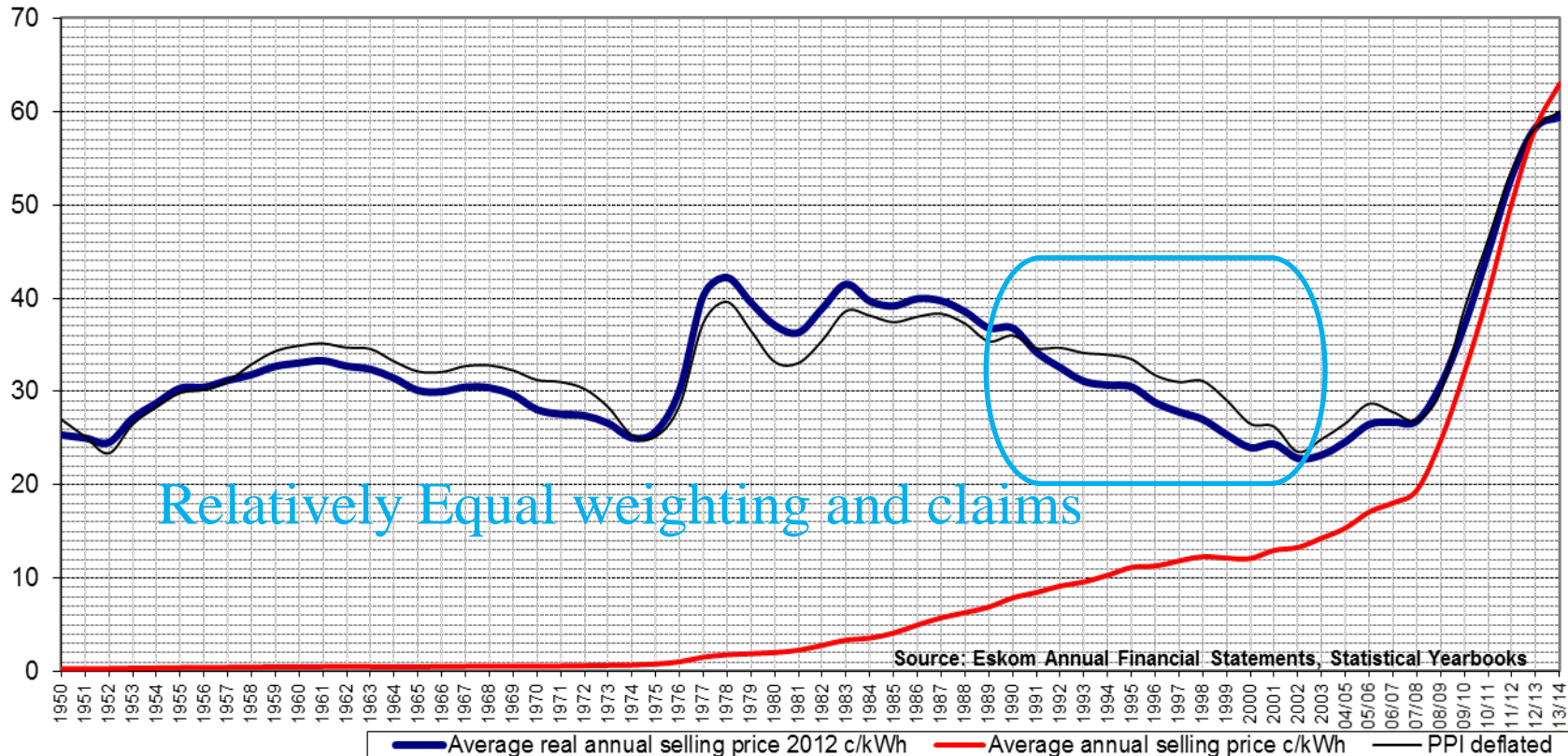


Introduction

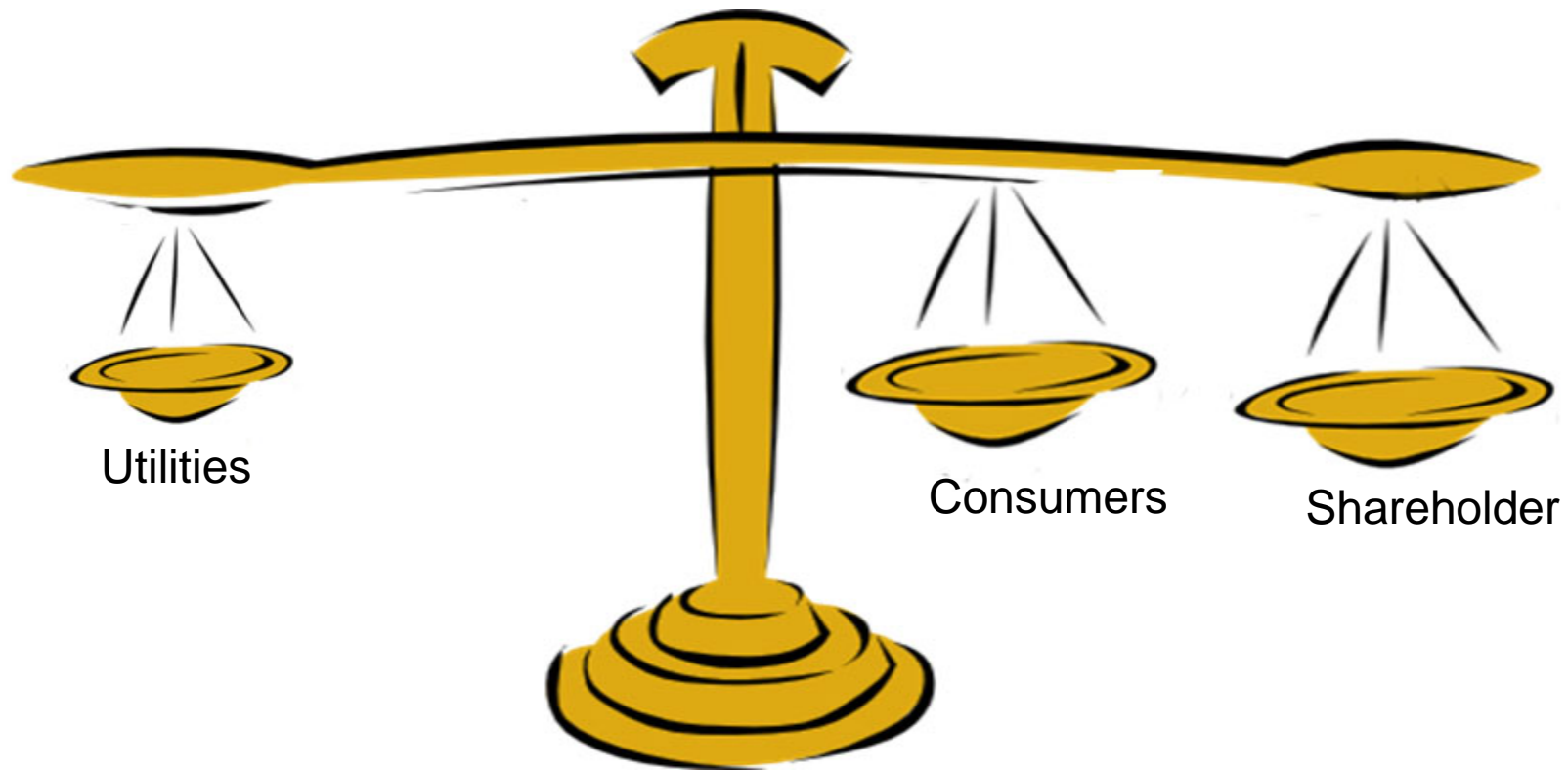
- **Regional Electricity Regulators Association of Southern Africa**
 - 12 years old
 - 10 Member countries
 - Focus on harmonization and regional integration of the electricity infrastructure
- **Large parts of the energy infrastructure owned by the State**
 - Limited de-regulation of the energy industry
- **For economic growth, significant investments are required**
 - More than 60% of the population without access to electricity
 - 60 000MW additional required by 2030
- **Investments lead by the existing state owned entities**
 - Relatively weak balance sheets to carry the required investments
 - Inadequate capabilities to undertake the required investments alone

Regional Electricity Price path

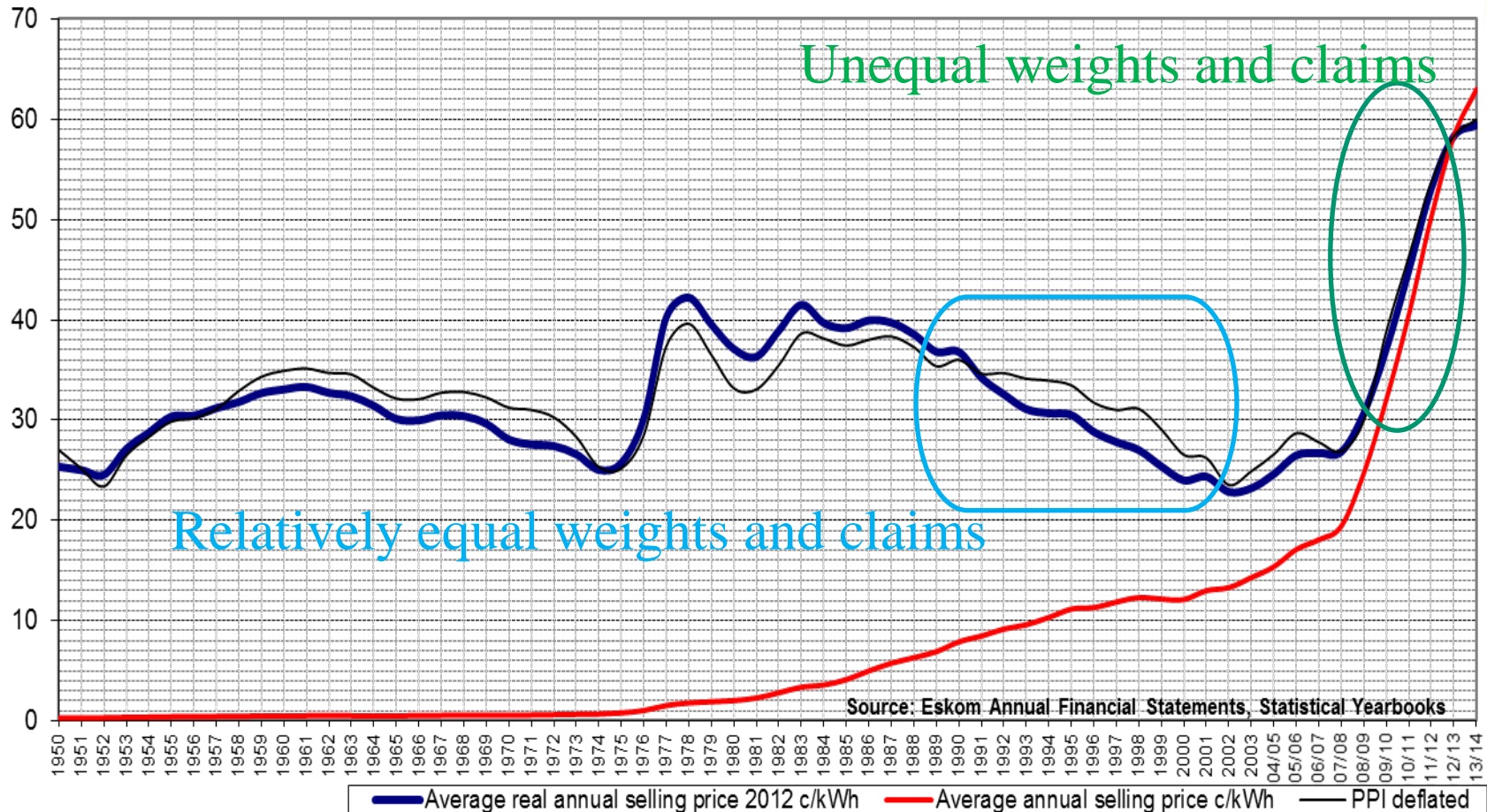
- Limited infrastructure investment in the 90's
- Inflation or below inflation price increases
 - Relatively equal claims and insignificant relative saliency



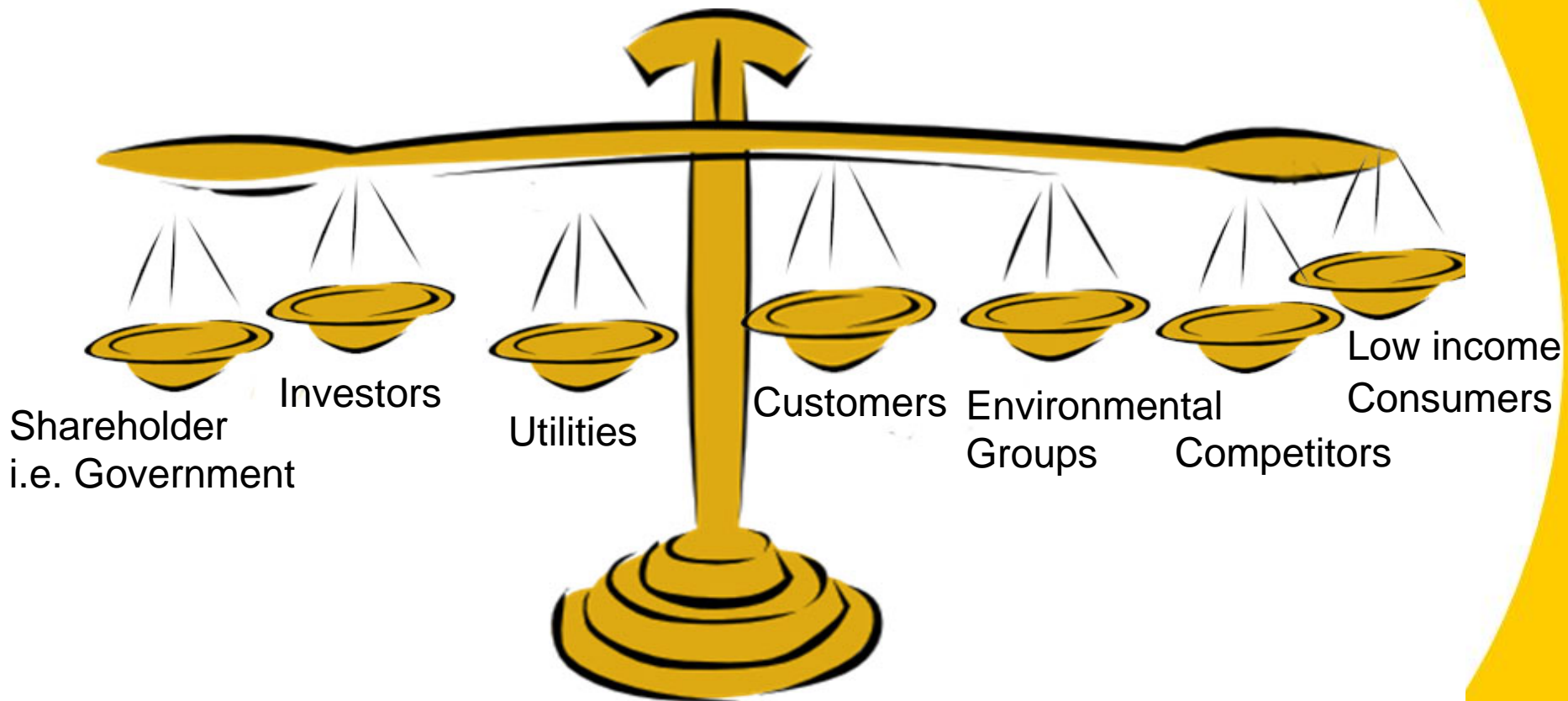
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South African Electricity Price path



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Role of the Regulators

- **Make decisions that balance stakeholders' interest across a series of decisions over time rather than decision-by-decision**
 - Compensate stakeholders on future decisions
 - Provide appropriate “cushions” for certain customer categories in certain cases
 - Swinging pendulum on risk sharing and taking
- **Explain decisions taken clearly**
 - Provide reasons for the decision
 - Explain areas where the discretion was applied
 - Indicate anticipated future direction (e.g. Future price path)
- **Providing regulatory certainty**
 - Decisions based on sound economic principles
 - Transparent processes
 - Consistency across the series of decisions

THANK YOU