



# **ELECTRICITY LICENCING GUIDELINES AND REQUIREMENTS 2024**



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## **1. BACKGROUND**

The Zimbabwe Energy Regulatory Authority (ZERA) (hereinafter referred to as the Authority) is a statutory body established in terms of the Energy Regulatory Authority Act (Chapter 13:23) of 2011. The mandate of ZERA is provided in the Energy Act as read with the Electricity Act (Chapter 13:19) of 2002 and the Petroleum Act (Chapter 13:22) of 2006. ZERA's primary function is to regulate the energy sector in Zimbabwe. In the electricity sub-sector, ZERA seeks to create an enabling environment for competition and thus promote an efficient electricity supply industry. The Electricity Act confers upon ZERA the function to licence all undertakings who are into generation, transmission, distribution and supply of electricity in excess of 100 kW.

These guidelines are done in terms of the Energy Regulatory Act, the Electricity Act and the electricity sector regulations.

## **2. PURPOSE**

The purpose of the Electricity Licensing Guidelines is to provide a framework for the licensing of electricity undertakings intending to invest into the regulated activities of generation, transmission, distribution and supply of electricity in excess of 100 kW.

## **3. SCOPE OF THE FRAMEWORK**

The licensing guidelines focus on the electricity undertakings to be licensed in terms of the Electricity Act [Chapter 13 : 19].

## **4. ELECTRICITY LICENCE UNDERTAKINGS**

### **4.1 Types of Licences**

The Act defines three categories of licensees, namely generation licensee, transmission and bulk supply licensee, and the distribution and retail licensee.

#### **4.1.2 Generation Licence**

A generation licence authorises the licensee to construct, own, and operate and maintain a generation facility for the purpose of the generation and supply of electricity.

A generation licensee may supply electricity to any transmission licensee, distribution and retail/supply licensee who purchases electricity for resale and, with the approval of the Authority, to any one or more identified consumers. A generation facility can therefore be set for own consumption, to supply to the grid through a power purchase agreement or to an identified consumer through a private power purchase agreement.

A holder of a generation licence includes a generating company outside Zimbabwe that is entitled, under an agreement ideally a power purchase agreement (PPA) which must be approved by the Authority or permitted by a licence issued to another licensee to sell power to Zimbabwean licensees or consumers without a licence from the Authority.

#### **4.1.3 Primary Transmission Licence**

The primary transmission licence authorises the licensee to engage in grid construction, operation, and maintenance of transmission facilities. It also authorises the licensee to carry out system operations including generation scheduling, commitment and dispatch, management of congestion, ancillary services scheduling and power pooling. Other activities include operation of a power exchange and energy accounting.

#### **4.1.4 Independent Transmission Licence**

An independent, transmission licence shall authorise the licensee to construct own operate and maintain independent transmission facilities. The license prohibits the license from carrying out system operations activities.

#### **4.1.5 Bulk Supply Licence**

A bulk supply licence authorises the licensee to purchase electric power for the purpose of reselling it in bulk to one or more transmission or other licensees and to engage in the purchasing, selling and trading of electricity.

#### **4.1.6 Primary Distribution Licence**

A primary distribution license authorises the licensee to construct, operate and maintain a distribution system including connection of customers, installation, maintenance and reading of meters, billing and collection.

#### **4.1.7 Independent Distribution Licence**

An independent distribution licence authorises an entity to construct, maintain and operate an independent network separate from the network operated by the primary distribution licence holder.

#### **4.1.8 Retail Supply Licence**

A retail supply licence authorises the licensee to purchase power for resale from a bulk supply licensee and from other sources to provide a supply of electricity to its customers and engage in purchasing, selling and trading of electricity.

### **5. LICENCE CONDITIONS**

Every licence is issued with general and specific conditions. The general conditions are derived from the Energy Regulatory Act, the Electricity Act and electricity sector regulations. These generally spell out all the legal expectations and obligations towards standards, powers of the Authority and customer related matters.

The specific conditions are peculiar to each project and pertain to the implementation of the specific project.

The specific conditions provide the basis of the assessment of progress in the implementation of the project. Failure to accomplish the milestones as specified in the specific licence conditions results in the review/cancellation of licence.

An important licence condition is the submission of quarterly reports on the implementation of the project. The quarterly progress reports relate to the accomplishment of the implementation programme which is contained in the specific licence conditions.

### **6. REQUIREMENTS FOR LICENCE APPLICATION**

An application form is an integral part of the licence application. All the different application forms are available on the ZERA website [www.zera.co.zw](http://www.zera.co.zw). The application form must however be accompanied by supporting documentation comprising agreements on land, demonstration of capacity to fund the project, approvals from other regulatory authorities, technical

capabilities of project promoter financial information and tariffs and profile of applicant. The full list of the documents is provided in Section 7 below.

## **7. GENERATION LICENCING REQUIREMENTS**

### **7.1 PROJECTS SELLING TO THE GRID**

- a) Application form
- b) Business Plan
- c) Certificate of Incorporation
- d) Memorandum and Articles of Association
- e) Company registration documents – CR5, CR6, CR11, Share Certificates
- f) Board Profile including nationality, qualifications and experience of Directors
- g) Current irrevocable financing commitments or agreements with both equity and loan providers.
- h) Technical capacity to carry out the project in the form of a Memorandum of Understanding or Letter of Intent from a credible technical partner
- i) Audited Financial Statements for past 3 years (if any)
- j) Proof of payment of licence application fee
- k) Zimbabwe Investment and Development Agency licence (where applicable)
- l) Tax Clearance Certificate for the current year
- m) Letter of commitment/memorandum of understanding from the EPC contractor
- n) Tariff model
- o) Grid Impact Assessment done by Zimbabwe Electricity Transmission and Distribution Company (ZETDC)
- p) Fuel Supply Arrangement(s)/Agreement(s) (where applicable)
- q) Proposed power purchase agreement with ZETDC
- r) Full bankable feasibility study (BFS) report including the following reports – topographical survey, hydrological study, geotechnical study, plant design layout and bill of quantities from the Engineering Procurement Construction (EPC) contractor, solar/energy resource yield analysis, financing plan and financial model.
- s) Memorandum of Understanding with the EPC contractor or Letter of Intent from EPC Contractor
- t) Maps indicating the location of the generating plant
- u) Land Use Permit
- v) Water Extraction Permit (where applicable)

- w) Environmental impact assessment (EIA) certificate issued by Environmental Management Agency (EMA)
- x) Project Timeline/Implementation Schedule

## **7.2 PROJECTS FOR OWN CONSUMPTION**

- a) Application form
- b) Certificate of Incorporation
- c) Memorandum of Association
- d) Articles of Association
- e) Company registration documents – CR5, CR6, CR11, Share Certificates
- f) Board Profile including nationality, qualifications and experience of Directors
- g) Audited Financial Statements for past 3 years (if any)
- h) Tax Clearance Certificate for the current year
- i) Proof of funding
- j) Technical capacity to carry out the project in the form of a Memorandum of Understanding or Letter of Intent from a credible technical partner
- k) Grid Impact Assessment by Zimbabwe Electricity Transmission and Distribution Company (ZETDC)
- l) Fuel Supply Arrangement(s)/Agreement(s) (where applicable)
- m) Maps indicating the location of the generating plant
- n) Land Use Permit
- o) Environmental Impact Assessment (EIA) Prospectus endorsed by Environmental Management Agency (EMA)
- p) Project Timeline/Implementation Schedule
- q) Proof of payment of licence application fee

## **7.3 PROJECTS TO SUPPLY IDENTIFIED CUSTOMERS**

- a) Application form
- b) Business Plan
- c) Certificate of Incorporation
- d) Memorandum and Articles of Association
- e) Company registration documents – CR5, CR6, CR11, Share Certificates,
- f) Board Profile including nationality, qualifications and experience of Directors
- g) Tax Clearance Certificate for the current year

- h) Current irrevocable financing commitments or agreements with both equity and loan providers.
- i) Audited Financial Statements for past 3 years (if any)
- j) Board Profile including nationality, qualifications and experience of Directors
- k) Technical capacity to carry out the project in the form of a memorandum of understanding or letter of intent from a credible technical partner
- l) Signed off-taker/power purchase agreement (PPA) with the identified off-taker indicating the capacity to be contracted.
- m) Prefeasibility Study report
- n) Grid Impact Assessment done by Zimbabwe Electricity Transmission and Distribution Company (ZETDC)
- o) Fuel Supply Arrangement(s)/Agreement(s) (where applicable)
- p) Land Use Permit/agreement
- q) Maps indicating the location of the generating plant
- r) Water Extraction Permit (where applicable)
- s) Zimbabwe Investment and Development Agency licence (where applicable)
- y) Environmental impact assessment (EIA) prospectus endorsed by Environmental Management Agency (EMA)
- t) Project Timeline/Implementation Schedule
- u) Proof of payment of licence application fee

## **8. TRANSMISSION LICENCE REQUIREMENTS**

- a) Application form
- b) Certificate of Incorporation
- c) Memorandum and Articles of Association
- d) Company registration documents – CR5, CR6, CR11, Share Certificates,
- e) Board Profile including nationality, qualifications and experience of Directors
- f) Tax Clearance Certificate for the current year
- g) Map indicating route of the transmission lines
- h) Information relating to the transmission system
  - i. Line specifications– capacity, voltage, length, conductor type, configuration, etc.
  - ii. Points of supply

- iii. Contractual arrangements (where applicant intends to operate transmission facilities not owned by the applicant)
- iv. Single line Diagram
- v. Methodology for fees and tariffs for distribution use and connection charges.
- vi. Guidelines on non-discriminatory open access by third parties to transmission facilities (in case of primary licensee)
- i) Environmental impact assessment certificate issued by Environmental Management Agency (EMA)
- j) Proof of payment of licence application fee

## **9. DISTRIBUTION LICENCE REQUIREMENTS**

- a) Application form
- b) Map indicating location of the distribution lines
- c) Information relating to the distribution system
  - i. Line specifications – (Capacity, voltage, length, conductor type, configuration, etc.
  - ii. Points of supply
  - iii. Contractual arrangements – O & M
  - iv. Metering arrangements, billing arrangements
  - v. Connection charges/agreements
  - vi. Client services standards
  - vii. Applicable tariffs
- viii. Single line Diagram
- ix. Transformers and transformer sizes
- x. Proposed agreements for distribution network connections and use of system
- z) Environmental Social Impact Assessment certificate issued by Environmental Management Agency (EMA)
- xi. Number and types of customers per voltage level.
- d) Proof of payment of licence application fee

## **10. RETAIL/SUPPLY LICENCE REQUIREMENTS**

- a) Application form
- b) Maps indicating the proposed area for supply of electricity
- c) Proposed tariff model
- d) Power purchase agreements with suppliers of power

- e) Commercial agreements with customers
- f) Metering and billing systems
- g) Proposed customer categories for the supply of electricity; and
- h) Transmission/Network access agreements
- i) Proof of payment of licence application fee

## **11. LICENCE APPLICATION AND LICENCE FEES**

Electricity licence application and licence fees are spelt out in Electricity (Licensing) (Amendment) Regulations, 2021 (Number 2) published in Statutory Instrument 101 of 2021 and any subsequent amendments made thereafter from time to time. These are as follows :

1. NON-RENEWABLE ENERGY POWER PLANTS

<i>Fee Description</i>	<i>US\$ (excluding 15% Value Added Tax)</i>
Generation Licence Application Fee	
Green field	2 500
Brown field	2 000
Generation Licence Fee	a. Above 100kW and up to 10 MW      10 000 fixed
	b. Above 10 MW                              20 000 fixed plus 10 000 per 25 MW or part thereof
Generation for own consumption	No licence fees
Non-commercial off-grid generation	No licence fees
Commercial off-grid generation	c. Same as (a) and (b) above

2. RENEWABLE ENERGY POWER PLANTS

<i>Fee Description</i>	<i>US\$ (excluding 15% Value Added Tax)</i>
Generation Licence Application Fee	
Green field	2 500
Brown field	2 000
Generation Licence Fee	
Projects for own consumption	No licence fees

<i>Fee Description</i>		<i>US\$ (excluding 15% Value Added Tax)</i>		
Commercial Projects				
Technology	Capacity Factor			
		Capacity (1-10 MW)	Capacity above 10 MW	
		Fixed	Fixed	Variable per 25 MW or part thereof
Solar PV	0.23	2 875	5 750	2 875
Biomass	0.6	7 500	15 000	7 500
Small Hydro	0.55	6 875	13 750	6 875
Geothermal	0.72	9 000	18 000	9 000
Wind	0.3	3 750	7 500	3 750

## **12. HOW TO APPLY**

An application should be submitted on email to [electricitylicensing@zera.co.zw](mailto:electricitylicensing@zera.co.zw) and should be accompanied by all the requirements as stated in Section 7 to 10. Application forms and requirements are available for downloading on the link <https://www.zera.co.zw/electricity3/> on the ZERA website. Any licence application with inadequate requirements will not be processed.

Applicants are encouraged to familiarise themselves with the Electricity Act (Chapter 13 : 19), Electricity (Licencing) Regulations, Statutory Instrument 103 of 2008 as amended by Statutory Instrument 101 of 2021 and any subsequent amendments made thereafter from time to time, the Electricity (Grid Code) Regulations, 2017 published in Statutory Instrument 91 of 2017 and the Electricity (Distribution Code) Regulations, 2017 published in Statutory Instrument 47 of 2017 and other relevant electricity codes before submitting their application.