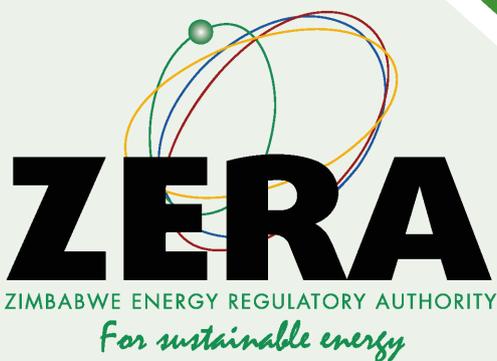


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2020

Annual Report



ABOUT ZERA

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

- The Regulator that promotes universal access to sustainable energy by 2030.

Mission

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

Values

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

Key Outcomes

- **Outcome 1:** Improved organizational capacity
- **Outcome 2:** Increased regulatory compliance
- **Outcome 3:** Enhanced cost reflectivity of energy prices
- **Outcome 4:** Increased uptake of modern energy
- **Outcome 5:** Enhanced energy efficiencies
- **Outcome 6:** Improved stakeholder satisfaction

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ACRONYMS AND ABBREVIATIONS

CCZ	Consumer Council of Zimbabwe
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
MOEPD	Ministry of Energy and Power Development
MW	Mega Watt
NDS	National Development Strategy 1
NIERP	National Integrated Energy Resource Plan
NRE	Nyangani Renewable Energy
OEM	Original Equipment Manufacturers
PECOGA	Public Entities Corporate Government Act
PBB	Programme Based Budgeting
RE	Renewable Energy
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
SAPP	Southern Africa Power Pool
SAZ	Standard Association of Zimbabwe
TSP	Transitional Stabilization Programme
ZERA	Zimbabwe Energy Regulatory Authority
ZESA	Zimbabwe Electricity Supply Authority
ZETDC	Zimbabwe Electricity Transmission and Distribution Company
ZIMRA	Zimbabwe Revenue Authority
ZPC	Zimbabwe Power Company
ZZEE	Zimbabwe Zhongxin Electrical Energy Limited

1.0 STATEMENT FROM THE BOARD CHAIR

AT THE TIME IN RETROSPECT



Dr David D. Madzikanda,
ZERA Board Chairperson.

1.1.1. Introduction

It is my pleasure and honour to present this 2020 Annual Report in compliance with the Public Entities and Corporate Governance Act of 2018, the Public Finance Management Act of 2009 and the Energy Regulatory Authority Act of 2011. The report is broadly informed by the national and strategic thrust outlined in the Second Year of the Transitional Stabilisation Programme (TSP) as espoused by the Government.

The report highlights the role of energy supply in the economic matrix within the context and spirit of attaining Vision 2030. Availability of reliable and affordable energy supply is intrinsically linked to all socio-economic development trajectories envisaged in an upper middle-income economy.

This report highlights key activities carried out by the Zimbabwe Energy Regulatory Authority (ZERA) as the organisation strives to ensure that energy does not derail the attainment of economic and social objectives of the country. It also highlights the impact of Covid-19 pandemic in all facets of life, power and energy sector included, as evidenced by some projects being delayed due to lockdown measures put in place by the Government and other countries.

The 2020 report also marks the end of the previous Board Members' term whose tenure spanned from 2014 to 2020. I wish to thank the outgoing Board for guiding the Authority and the entire energy sector during its tenure.

1.1.2. Macro-Economic Overview

According to the African Development Bank (2021), the onset of Covid-19 exacerbated the economic challenges in the country, resulting in a 10% contraction of the economy in real terms. By the end of 2020, inflation averaged around 622%, up from 227% in 2019.

From a performance perspective, the energy

sector remained vigilant and buoyant against a very difficult and challenging period commonly referred to as a VUCA environment (volatile, uncertain, complex and ambiguous), which has now become the NEW NORMAL. The petroleum sub-sector experienced supply challenges during the first half of the year but the introduction of a multi currency system, the foreign currency auction market by the central bank and use of own funds for procurement of fuel brought about normality to the supply of fuel.

The power sector had its fair share of intermittent outages at the major power plants but the gaps were complemented by imports. Overall, there was a subdued demand for power and energy due to Covid-19 induced lockdown measures across all sectors. The average maximum demand for the year was 1,560 MW.

1.1.3. Electricity Sub-Sector Regulation

The Authority received and reviewed 16 new electricity licence applications during the year, with a potential to generate 672.585 MW. Among those applications, solar technology is the most dominant technology to be used for power generation. The country has also seen more applications being earmarked for generation to supply identified customers as opposed to selling to the national grid. Based on that, 204 MW is earmarked to supply mining entities.

The interest on renewable energy projects is spurred by the National Renewable Energy Policy as well as more competitive technology costs that have been experienced over the past decade especially with reference to solar technology. The Renewable Energy Policy grants national project status to all green energy projects including 5% tax holidays for the initial five years. The policy also relaxed environmental impact assessment for all projects which are 5 MW and below.

The country's total supply was 8, 664GWh



in 2020 against 9, 180 GWh in 2019. This was largely due to challenges experienced at the ZPC owned power stations whose generation decreased by 17% from 7,412GWh in 2019 to 6,184GWh in 2020 mainly due to prolonged units 3 and 6 outages and numerous plant breakdowns at Hwange Power station, in addition to general system faults which tended to take long to be attended to for a variety of reasons.

The IPPs however continue to face challenges of attracting project finances. By the end of the year, the Authority's register had a total of 91 licensed IPPs, with 61 being in the feasibility stage, funding stage had 5, construction stage had 9 and 20 being operational. Efforts continue to ensure traction among IPPs in order for the majority to move to construction and eventual commissioning stages.

The country's average power generation was around 1400MW against a peak demand of 1600MW. The electricity tariff for the year was awarded based on the indexation formula which is linked to the exchange rate and inflation rate movements. The need to keep the power utility viable was noted as urgent.

The net metering programme was embraced by small to medium industrial consumers during the year. The Authority agreed with the Ministry of Energy and Power Development (MOEPD) and ZETDC to extend the net metering threshold capacity from 100kW to 5MW and statutory amendments are being done. During the year, 19 net metered connections with a total capacity of 202.8kW were commissioned with bigger connection at an industrial park awaiting legal instruments amendment.

Electric mobility is gaining ground across the globe and Zimbabwe is no exception. An electric vehicle was procured and launched during the year for promotional purposes. Drafting of an electric mobility policy commenced and the technology is set to change the structure and infrastructure of mobility in the country.

1.1.4. Petroleum Sub-Sector Regulation

In 2020, the country imported 736.4 million litres of diesel against 937.4 million litres imported in 2019 and 403.9 million litres of petrol against 456.1 million litres in 2019, generally showing

reduced imports due to subdued economic activity as a result of lockdowns in response to the outbreak of Covid-19.

The total volume of ethanol produced from the producers was 88.9 million litres and this went towards blending of petrol with anhydrous ethanol and unleaded petrol in line with the national blending program introduced in 2013. The launch of the National Biofuels Policy, launched in early 2020 is set to stimulate increased production and uptake of renewable fuels thereby reducing the import bill.

In terms of liquified petroleum gas (LPG), the country imported 38.9 million kgs in 2020 compared to 37.1 million kgs in 2019, generally indicating increased consumption especially by the domestic sector.

1.1.5. Corporate Governance

The Board convened its quarterly committee and main Board meetings during the year as provided for under the Public Entities and Corporate Governance Act. Five Board Committees were established to ensure that the Board's statutory duties were effectively and efficiently discharged. Special Board meetings were held as the need arose so as to address urgent issues arising outside the scheduled Board meetings. During the year, the Authority appointed the substantive Chief Executive Officer in line with corporate governance practise.

1.1.6. Finance and Administration

The operations of the Authority are funded by levies and fees from licensees. During the year, the court challenge by petroleum indigenous importers on the license conditions released by the Authority affected the revenue base. Notwithstanding, the Authority managed to meet its statutory and operational obligations. Construction of the ZERA Head Office continue to be affected by failure to raise mortgage loans from financial institutions. Efforts will be pursued in 2021 to complete the project which is an embodiment of green energy building.

1.1.7. Stakeholder Engagement

The Authority continued to engage policy

makers, licensees, leading consumer groups and domestic consumers as part of stakeholder advisory service. The objective of the engagements was to keep all stakeholders abreast with developments in the energy sector. Such engagements are key for strategic planning for both suppliers and consumers of energy.

The Authority successfully supported the students under the Undergraduate Scholarship Programme. During the year under review, eight (8) students graduated and five (5) will complete their degree programs in 2021. An approval was received from the Ministry of Lands, Agriculture, Water and Rural Resettlement for the Authority to explore deployment of a solar irrigation technology for a rural scheme under the water, food and energy nexus program.

1.1.8. Regional Integration

The Authority hosted the Annual General Meeting and Conference of the Regional Energy Regulators Association of Southern Africa (RERA) in February 2020. The major issue that dominated the conference was the imperative to promote investment in the region's energy sector and the need to increase access to modern energy in the region.

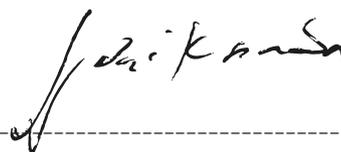
1.1.9. Looking Into Future

The launch of the Renewable Energy Policy by His Excellency, President of the Republic of

Zimbabwe, Cde E. D Mnangagwa was a huge milestone for the country and energy sector in particular given the aspired vision of increasing access to all by 2030. Timebound action plans will be developed to operationalise the National Renewable Energy Policy and the National Biofuel Policy which all have work cut out for the energy regulator. The development of a new operational strategy informed by National Development Strategy 1 (NDS 1) also herald a new thrust in the energy sector with incentive regulation being the fulcrum.

1.1.10. Appreciation

Allow me to profusely thank the Minister of Energy and Power Development, Honourable Zhemu Soda, Deputy Minister Honourable Magna Mudyiwa, Permanent Secretary, Dr Gloria Magombo, Chief Director, Directors and all Ministry's members of staff who continue to provide guidance to the energy sector from a policy perspective. I also wish to thank the outgoing Board Members and ZERA management and staff for delivering the mandate through effective regulation.



Dr D. D. Madzikanda

BOARD CHAIRPERSON
ZIMBABWE ENERGY REGULATORY AUTHORITY



1.2. CHIEF EXECUTIVE OFFICER'S OPERATIONAL REPORT



Mr E. T. Mazambani,
Chief Executive Officer
of ZERA.

1.2.1. Introduction

The energy sector is at the centre of all economic activities and as such, its performance can make or break the broad national development plans. As a key enabler, the success of the energy sector has trickle-down effects on all other socio-economic sectors. Despite Covid-19 challenges, the Authority's operations continued to be focused towards ensuring that once the lockdowns are lifted, the expected growth rates can be achieved.

1.2.2. Electricity Sub-Sector Performance

The performance of the sector continue to be of concern to the Authority given the rate of breakdowns that characterized the year 2020. Hwange Power Station, which is the base load plant, had Units 3 and 6 down for a long time while enduring numerous breakdowns in between. The other small thermal stations collectively contributed 120GWh against 212,1GWh in 2019.

IPPs generation also decreased by 28% from 251, 4 GWh in 2019 to 181 GWh in 2020 mainly due to water challenges at hydro plants and network faults. The production from IPPs remained at about 3% of the total power production. Even though IPPs took a dip in terms of overall supply, there were some notable improvements at some sites, notably Tsanga B which supplied 6.1GWh against 0.5GWh in 2019.

The country's total supply was 8,664 GWh in 2020 against 9, 179 GWh in 2019, largely due to challenges experienced at the ZPC owned Hwange power station whose generation decreased by 25% from 3,138.10 GWh in 2019 to 2,356.40 GWh in 2020.

In terms of electricity sales, there was a decrease of 10.6% from 7,751 GWh in 2019 to 6,929 GWh in 2020. In 2020, the distribution sales were 8,929GWh against 7,751GWh in 2019. Mining sector was the largest consumer

surpassing the domestic sector. The reduction in domestic consumption is mainly due to demand side management interventions.

By the end of the year, the country had recorded a 3% increase of new grid connection compared to 2019. The active customer base stood at 778,179 from 754,162 in 2019. The steady growth is attributed to customers procuring their own connection materials.

Creation of fair competition in the electricity sector is one of the Authority's key mandates and therefore the Electricity Networks Third Party Access Code was drafted during the year. The code is set to ensure equitable, efficient and coordinated access to the Electricity Grid/ Network infrastructure in Zimbabwe. IPPs are among the major beneficiaries.

The Authority values stakeholders and consumer's lives and aim to have zero accidents in the electricity sector. However, 42 fatal accidents involving members of the public were recorded and investigations were conducted during 2020. The disturbing trend is that the highest number of accidents is being recorded mainly from the farming communities. The major root causes of the accidents were infrastructure collapse, unsafe operations by the public. The power utility was urged to intensify its awareness campaigns.

During the year, the Authority audited ZETDC's five districts in the Northern Region and compliance notices were issued. The power utility's Southern Region did a self-audit and the compliance rate improved from the previous 62% to 66% as a result redressing non-compliances raised.

The Authority continues to closely monitor the implementation of Net Metering regulations SI 86 of 2018. The SI was promulgated to enable roof top solar PV systems for domestic, commercial and industrial applications to feed excess energy into the grid. The total number of net-metered connections commissioned during the year 2020 is 19 with a total installed capacity of 202.8kW.



The country witnessed a phenomenal demand for renewable energy services particularly from domestic consumers. In a continuing effort to protect the consumers and to ensure quality services, the Authority increased the registration of renewable energy service providers from across the country whose products and services are vetted first before being listed on ZERA's online database. The registered service providers include contractors, installers and retailers of renewable energy products. By end of 2020, the Authority had registered 99 renewable energy providers on the database. Inefficient and banned bulbs continue to find their way into the market to the disadvantage of the unsuspecting consumers largely through illegal imports. In response, the Authority carried out 1, 255 inspections and seized banned lighting products with a rated capacity of nearly 2MW deterring the sale and consumption of inefficient lighting. It is estimated that the Authority has shaved 40MW of inefficient lighting energy demand through implementation of this program from 2018. The Authority took concrete steps to enforce the Electricity Public Safety Regulations through prosecutions in electrical accident cases involving the ZETDC. Increased prosecutions are envisaged in 2021.

During the year 2020, the Authority continued to ensure that the tariff for the electricity sector is not eroded by changes in inflation as well as exchange rate changes. In that regard, indexation formula adjustments were implemented to result in an average of US\$7.51/kWh by December 2020.

1.2.3. Petroleum Sub-Sector Performance

An overall 20.4% reduction in volumes of fuel imported was recorded in 2020 compared to 2019. Reduced demand contributed significantly to that decline due to Covid-19 lockdown that started in earnest in March 2020. The international lockdowns in economic activity leading to a massive reduction in brent crude oil prices in March 2020 has significant impacts on fuel prices which closed the year at US\$1.19/litre for both diesel and petrol.

Petroleum sub-sector monitoring and enforcement activities were negatively affected

by the Covid-19 lockdown. However, significant enforcement and compliance work was undertaken during the third and fourth quarters of the year as strict lockdowns were relaxed. A total of 410 site inspections were carried out during the year out of a target of 600. Average compliance to standards of the inspected sites was 88% against a target of 70%.

Fuel quality monitoring activities were affected negatively by the lockdown and the unavailability of the mobile laboratory van. A total of 443 (37%) site visits were carried out for fuel inspections against a target of 1200. Two LPG samples failed vapour pressure tests and the LPG wholesalers were prosecuted for selling off-spec products.

1.2.4. Finance and Administration

A historical income of ZWL\$478 681 710 was recorded in 2020. Income for the year ended 31 December 2020 increased by 1 072% compared with the income for the year ended 31 December 2019 of ZWL\$40 843 822. Expenditure for the year ended 31 December 2020 increased by 1 059 % compared with the expenditure for the year ended 31 December 2019 from \$36 966 292 to ZWL\$428 519 813.

During the period under review, female employees accounted for 41% of head count. This is an improvement from 2019 where gender mainstreaming was 37% of headcount. The headcount as at 31 December 2020 was 63 against a budget of 71 resulting in a vacancy rate of 11%.

In response to Covid-19, the Authority ensured all employees received personal protective equipment which include masks and sanitisers. Fumigation and sanitisation of all offices remained an on-going process during the year. All key staff members who were cleared to work from the office were provided with transport in order to minimize contact with the public.

1.2.5. Stakeholder Engagement

Sustained engagement with all stakeholders is a fundamental role of the Authority. About 86% of the engagement with large and domestic consumers were done virtually due to the



Covid-19 pandemic.

In 2020, a total of 29 Consumer Education and awareness outreach programs were implemented in Bulawayo Metropolitan, Mutare Metropolitan, Mutambara Mission (Chimanimani), Gweru, Harare and Chinhoyi. About 3, 900 consumers, students and teachers were reached out to during the engagements whose theme was Safe Use Of Energy In the Home. The recommendations from consumer education series were compiled into a reference document for strategy development and closure of the issues raised. The Authority received 351 complaints during the year and 317 were resolved resulting in a 96.06% success.

Site visits to licensees were carried out during the year to gain in-depth understanding of their operations. The visits were made to Nyangani Renewable Energy's Hauna and Tsanga A and B, Solgas, Harava and ZZEE Power plants. During these visits, the topical issue that affected the development of power projects was access to foreign currency. Construction of the projects was also affected by Covid-19 restrictions thereby risk missing the set timelines.

Exhibition shows offer an expedient opportunity to increase awareness of the Authority and the energy sector in general. Most exhibitions were, unfortunately, cancelled during the year due to Covid-19 induced restrictions. The Authority, however, successfully exhibited at the Harare Agricultural Show where the main attraction was the Electric Vehicle.

ZERA's revamped website saw an increase of traffic from an average 12, 000 per month in 2019 to 18,000 per month in 2020. Social

media has also been effective in gaining a loyal audience with Twitter being the premier platform. As at December 2020, the Authority's Twitter page had 15 644 followers.

1.2.6. Overall Performance and Looking Into The Future

The Authority's performance was largely affected by the Covid-19 induced restrictions and other macro-environmental challenges and as a result, the Authority managed a 67.9% against an annual target of 80%. The Authority is set to rollout massive campaigns on Energy Efficiency across the country in the year 2021. The issue of safe use of all forms of energy will be vigorously pursued in view of the accidents recorded in the previous years. A campaign to popularise net metering among all consumers will be among top priorities.

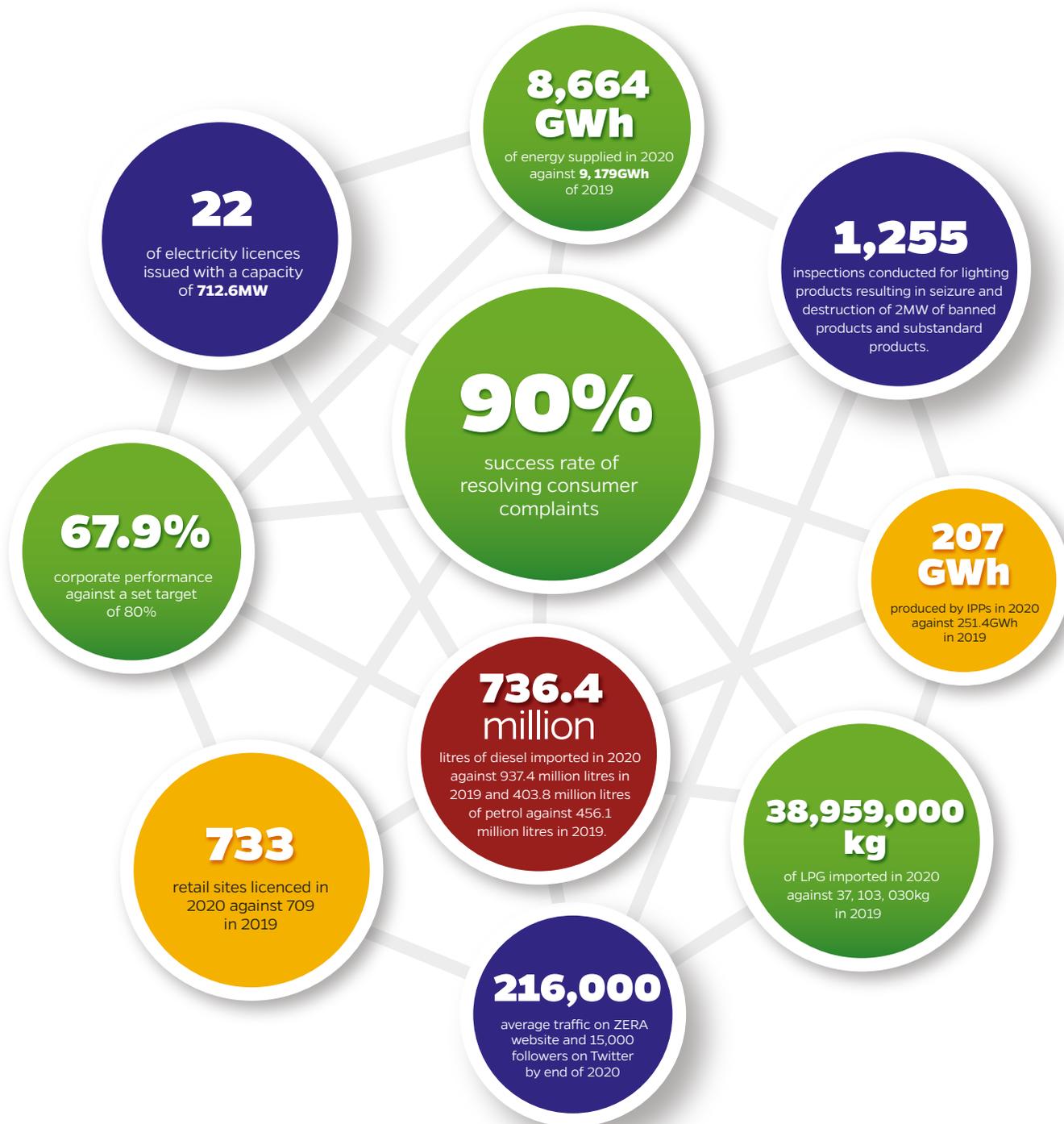
1.2.7. Appreciation

The year 2020 had its fair share of challenges. However, allow me to express my sincere gratitude to the Permanent Secretary and senior officials in the Ministry of Energy and Power Development for their continued guidance. I also wish to thank the fuels and electricity licensees for keeping the nation well supplied with energy. The feedback from the consumers remains critical to the sector's energy delivery standards. I wish to also thank the ZERA Board Members, Management and staff for continuously serving the sector and the country.



E. T. Mazambani
CHIEF EXECUTIVE OFFICER
ZIMBABWE ENERGY REGULATORY AUTHORITY

1.3 THE ENERGY SECTOR YEAR 2020 IN NUMBERS





2.0 BOARD MEMBERS IN PICTURES



Dr D. D. Madzikanda
Board Chairperson



Eng. F. Mavhiya-Bhiza
Vice Board Chairperson



M. Kambarami
Board Member



Dr. S. Ziuku
Board Member



G. S. Chikwava
Board Member



T. Madzivire
Board Member



T.K. Ncube
Board Member



S. Rufu
Board Member



E. T. Mazambani
Ex-Officio Board
Member and CEO

3.0 EXECUTIVE MANAGEMENT



Mr. E. T. Mazambani
Chief Executive Officer



Eng. M. Siyakatshana
Technical Director



J. Mupamhanga
Corporate Secretary



N. Ranga
Finance and Administration
Director (A)



R. Musiyiwa
Head -Internal Audit



L. Nechitoro
Senior Manager
Economic Regulation



C. Machimbidzofa
Senior Manager
Monitoring and Evaluation



4.0 ZERA MANDATE

ZERA ensures that the regulations are fair and balanced for licensees, consumers, investors and other stakeholders in the energy industry.

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

4.2. Functions of ZERA

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.

4.3 Regulated Sub-Sectors



Solar powered technology constitute part of the licensed power generators.

4.3.1 Electricity Sub-Sector

The Government owned utilities currently dominate the electricity supply industry (ESI). These are 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 generate power for own consumption, trading or banking.

4.3.2. 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:

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.

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.

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.

4.3.3. 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.

4.3.4. 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



Fuel Quality Technicians during an onsite fuel quality check blitz.

- Light handed regulation on power project less than 100Kw

4.4 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.

4.4.1. 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;
- Liquefied Petroleum Gas
- Lubricants

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.

Wholesale licence authorises the licensee to purchase bulk petroleum products from any procurement licensee and production licensee. Retail licence authorises the licensee to supply petroleum products to customers.

4.4.2. 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.

4.4.3. 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

4.5. Strategic Planning, Monitoring and Evaluation



Management and members of the NEC during a strategy workshop and training. The strategy review entails a cross examination of the Authority's performance and critically explore the past, present and future trajectory guided by national development energy priorities.

4.5.1. 2020 Strategic Plan Implementation Review And 5 Year (2021-2025) Strategic Plan Formulation

In line with the Public Entities Corporate Governance Act (Chapter 10:31) provisions, and under the guidance of the Public Service Commission, the Authority in December 2020 conducted its budget year workshop for the 2020 Strategic Plan Implementation Review and further formulated its 5 year (2021-2025) Strategic Plan in accordance with the National Development Strategy 1(NDS1).

4.5.2. The 2020 Strategic Plan Implementation Review

The review exercise was aimed at assessing ZERA's performance against its annual strategic targets formulated in terms of the Transitional Stabilisation Programme (2019-2020), and incorporating identified corrective measures into its 5 year (2021-2025) strategic plan. This was done to ensure that the Authority remains on course to fulfil its mandate and mission, and contributes to the Nation's Vision 2030, "Towards a Prosperous and Empowered Upper Middle-Income Society by year 2030" as well as the National Priorities.

The ZERA 2020 KRAs were:

1. Compliance and Enforcement
2. Increased access and security of energy supply
3. Effective Institution
4. Energy efficiency, renewable energy and environmental protection
5. Key stakeholder advisory

The strategy review process provided an opportunity for internal stakeholders to assess the organisation's implementation performance of the year's key success milestones, and the performance gap analysis done at each departmental level highlighted the performance gaps. Management also presented their departmental implementation reports to the Board at the review workshop and a collective critique of ZERA's performance was done and determined its strategy implementation strengths and deficiencies at both departmental and corporate levels.

The Overall Organisational Performance Index for 2020 was 67.9% against a target of 80%. This performance was 12.1% below the annual target and 19.1% below 2019 performance achievement of 87%. The impact of Covid-19 induced lockdown, financial constraints and foreign currency unavailability were



identified as the causes for the failure to fully implement the strategy to the planned level.

The impact of Covid-19 on strategy implementation was strongly felt in departments that enforce compliance and conduct inspections, mainly Electricity, Petroleum and Legal due to movement restrictions. In departments that engage stakeholders, (another of ZERA’s major mandates), namely the CEO’s Office, Consumer Services and Communications, interaction was curtailed. Financial constraints in both local and foreign currency impacted negatively on projects that were suspended as well as on training and stakeholder interaction.

One of the operational lessons learnt from the Covid-19 experience was the need for ZERA to quickly react to all environmental changes when they occur to minimise negative impact on strategy implementation. ZERA implemented an effective “work from home’ policy to ensure continued strategy implementation. Monitoring of the performance of key projects continued through implementation of the 100 days Rapid Results Approach Initiative.

4.5.3. ZERA 5 Year (2021-2025) Strategic Plan Formulation Overview

The Authority’s 5 Year (2021-2025) Strategic plan was formulated at the December 2020 workshop. In terms of the NDS (1), the Authority’s contribution to the energy sector falls under the Sectorial Key Result Area of “Provision of Improved Infrastructure and Services”, while its priority area is “Infrastructure and Utilities.”

The 5-year strategy formulation process was guided by the dictates of NDS (1), the IRBM and Programme Based Budgeting (PBB) principles. Inputs to the 5-Year Strategic Plan came from the review reports, the 2020 Evaluation Report, feedback from the ZERA Stakeholder workshop held immediately before the strategy workshop and Board comments on performance reports.

4.5.4. ZERA Programmes and Outcomes

In accordance with the approved PBB method of strategy formulation, the Authority formulated its programmes and sub programmes and adopted the following three (3) programmes derived from its key functions as well as the indicated outcomes:

Table 1: Strategy Programmes and Outcomes

Programme	Implementing Functions	Outcome(s)
Policy and Administration	All support functions	Improved Institutional Capacity
Energy Regulation	Technical Electricity Technical Petroleum Economic Regulation	1. Increased regulatory compliance 2. Enhanced cost reflectivity of energy prices 3. Improved uptake of modern energy 4. Increased energy efficiency
Stakeholder Engagement and Advisory Services	Consumer Services Communications	Improved Stakeholder Satisfaction

The implementing functions produced their own Sub-programmes which will be the departmental implementing documents for the strategic year 2021.

5.0 CORPORATE GOVERNANCE



The Honourable Deputy Minister of Energy and Power Development, Cde M. Mudyiwa shared some policy nuggets on the envisioned energy sector as guided by the Vision 2030.

5.1. Introduction

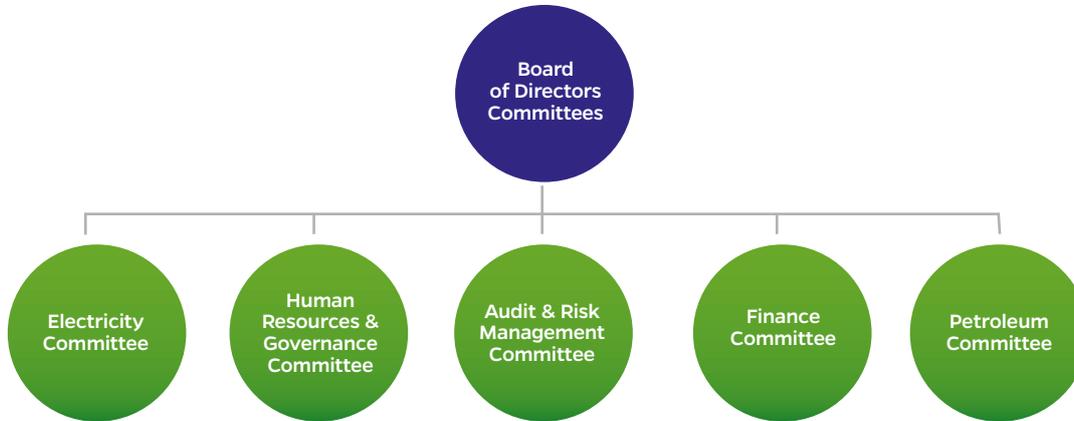
The second term of office for six of the Board members expired in June 2020 and was extended to December 2020 in terms of section 2(2) of the Schedule to the Energy Regulatory Authority Act [Chapter 13:23] pending the appointment of a new Board.

Despite the challenges posed by the Covid-19 pandemic, the Board continued to consolidate its robust governance structure to enable the Authority to deliver its mandate. In particular, the Board was committed to achieving high standards of corporate governance and worked towards compliance with the Public Entities Corporate Governance Act (PECOGA) [Chapter 10:31] and the Public Entities Corporate Governance (General) Regulations, 2018 published in Statutory Instrument (SI) 168 of 2018. All Board frameworks were reviewed when necessary in order to align them with the PECOGA and SI 168 of 2018.

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 was 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 was maintained wherein Board Members disclosed any interests in respect of matters that were to be considered in Board meetings.

The Board submitted the ZERA Board Charter to the Ministry of Energy and Power Development for approval before implementation. The submission for approval was in terms of section 28(1) of PECOGA. The Board also adhered to the Charter thereby enhancing corporate governance best practice at the Authority. In terms of section 27 of PECOGA, the Charter gives effect to such principles as human resource maximization, fairness in service provision and openness of internal procedures. The structure of the Board as at 31 December 2020 was as follows:



Section 169 of the First Schedule to PECOGA requires the Board to undertake formal and rigorous annual evaluation to assess performance and effectiveness as a whole as well as the performance and effectiveness of individual Board Committees. The evaluation exercise was due for commencement in the third quarter of the year under review. This however did not come into being as the Board’s term expired in June 2020. Covid-19 induced lockdown restrictions and foreign currency shortages also negatively affected the Board’s fulfilment of the Authority’s continuous development and stakeholder engagement programmes. The corporate governance activities as at 31 December 2020 were as follows:

5.2. Board Meetings

Board meetings were successfully conducted on a quarterly basis in accordance with an approved Board calendar and in terms of section 33(1) of PECOGA. Special meetings were also conducted as and when necessary so as to address urgent issues arising outside the scheduled Board meetings.

5.2.1. Annual General Meeting for 2020

The 7th Annual General Meeting for the organisation was successfully conducted in the second quarter of the year under review in line with the provisions of PECOGA.

5.2.2. Board Committees

The ZERA Board established 5 Committees in terms of PECOGA. Guided by clearly laid down

terms of reference, the Committees ensure that the Board’s statutory duties are effectively and efficiently discharged. The Committees are chaired by non-executive Directors of the Board with Executive Management attending meetings upon invitation.

Meetings scheduled on a quarterly basis were successfully conducted by the Committees as per their terms of reference. Issues discussed and resolutions made in Committee meetings were taken to Board meetings for consideration and approval. The Committees of the Board were:

a. Petroleum Committee

The objective of this 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, 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 PECOGA and Board approved policies and procedures.

Going forward, the audit and risk management functions of the Board would be separated in line with best practice, resulting in the establishment of 2 separate Committees.

e. Human Resource and Governance Committee

The objective of the Human Resource 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. Below is a table that shows the constitution of the various Board Committees:

Table 2: Board Committees Composition

	Petroleum Committee	Electricity Committee	Finance Committee	Audit & Risk Management Committee	Human Resource & Governance Committee
i.	Eng. B. Nhachi*	Eng T. Nkiwane*	Dr I. Jeke*	Dr I. Jeke*	Commissioner T. Muzoroza*
ii.	Dr I. Jeke	Eng B. Nhachi	Rtd Air Marshal H. Muchena	Rtd Air Marshal H. Muchena	Eng. T. Nkiwane
iii.	Commissioner T. Muzoroza	Rtd Air Marshal H. Muchena	Eng. T. Nkiwane	Eng. T. Nkiwane	Dr I. Jeke
iv.	Dr S. Ziuku	Dr S. Ziuku	Dr E. Khosa	Dr E. Khosa	Dr E. Khosa

*Committee Chairperson

Table 3: Board Members' Attendance Register

Board Member	Board Of Directors' Meetings (4)	Special Board Of Directors' Meetings Inc. Agms (4)	Hr & Governance Committee (6)	Petroleum Committee (4)	Electricity Committee (5)	Finance Committee (5)	Audit & Risk Mgt. Committee (4)	Stakeholder Engagement Meetings (8)	Total
Dr. E. Khosa	3	4	6	N/A	N/A	4	N/A	8	25
Dr. I. Jeke	4	4	6	4	N/A	5	N/A	8	31
Rtd. Air Marshal H. Muchena	1	3	N/A	N/A	4	4	4	4	20
Eng. B. Nhachi	4	3	N/A	4	5	N/A	4	0	20
Comm. T. Muzoroza	4	3	6	2	N/A	N/A	1	3	19
Eng. T. Nkiwane	4	4	6	N/A	5	4	N/A	3	26
Dr. S. Ziuku	4	3	N/A	4	4	N/A	4	3	22



5.3. Prosecution cases

In 2020, the Authority handled 175 cases involving the following offences:

- i.** The sale of petroleum products without a licence in contravention of the Petroleum Act [Chapter 13:22];
- ii.** The sale of contaminated fuel in contravention of the Petroleum (Fuel Quality) Regulations, 2013 published in SI 23 of 2013;
- iii.** Withholding fuel as well as fuel over-pricing in contravention of the Petroleum (Petroleum Products Pricing) Regulations, 2019 published in SI 10 of 2019;
- iv.** Failure to pay penalties as well as selling banned lighting products in contravention of the Electricity (Inefficient Lighting Products Ban and Labelling) Regulations, 2017 published in SI 21 of 2017;
- v.** Failure to report an accident in contravention of the Energy Regulatory Authority Act; and
- vi.** Failure to rectify an infrastructural condition that exposes the public to electrical risk in contravention of the Electricity (Public Safety) Regulations, 2018 published in SI 177 of 2018.

Amongst the 175 cases, 87 were finalized with fines ranging from ZWL\$30 to ZWL\$60 000 being imposed. The remaining 88 were pending as at 31 December 2020. The Police cited Covid-19 induced lockdown restrictions as a hindrance to the smooth flow of cases from the docket compilation stage to vetting at Public Prosecutors' offices, right up to the stages of set-down and trial at court. The Police also faced a challenge in locating petroleum dealers who ran their unlicensed fuel businesses on make-shift temporary structures. In a bid to remedy the above challenges, the Authority continued to engage both the Police and the Public Prosecutors in order to expedite the finalisation of the pending cases.

5.4. Litigation Cases

The Authority handled 4 new litigation cases in 2020, 3 of which involved some petroleum importers' associations which challenged the Authority's new procurement licence conditions on the basis that they are unreasonable and uncompetitive. Provisional orders were issued in favour of the applicants. The other case involved a citizen who challenged the Petroleum (Mandatory Blending) Regulations as being unconstitutional. The matter was awaiting set down.

5.5. Internal Audit Report

5.5.1 Assurance Services

Internal Audit celebrates successful execution of the planned audit engagements despite the disruption that was brought by the Covid-19 pandemic.

All 9 engagements as per the approved 2020 Internal Audit plan were concluded in the year 2020 as detailed below:

Table 4: Audit Engagements

Audit Engagement - New	No. of Observation	Audit Observations		
		High Risk	Medium Risk	Low Risk
1. Management of Digital Platforms	17	12	2	3
2. Human Resources Payroll	9	5	2	2
3. Property, Plant and Equipment	16	9	4	3
4. Stakeholder Engagement	9	7	2	0
5. Change Management	9	8	1	0
6. Performance Management	12	4	7	1
Follow-Up Audit Engagement - Follow Up	Total	Implemented	Partially Implemented	Not implemented
1. Legal Department	38	29	7	2
2. Monitoring & Evaluation	12	3	4	5
3. Procurement & Payables	35	26	2	7

5.5.2. Consulting Services

Internal Audit facilitated the assessment of the External Auditors by the Audit and Risk Management Committee through coordinating, consolidating and compiling all the required input data, which formed the basis of the assessment. In addition to the above, advice was issued to management on the adoption of technology given the onset of the Covid-19 pandemic and the proposed use of digital signatures.

Implementation Award - The Mutare Regional Office scooped the award for the department that had the highest audit issue resolution rate based on the 2019 follow up audit engagements.

- Internal Audit Awareness Competition - The competition was conducted in a bid to refresh knowledge on the role of Internal Audit in the organisation.

2020 Internal Audit Awareness Competition

5.5.3. Stakeholder Engagement

Stakeholder engagement was conducted through the following:

- Internal Audit Awareness Month - Internal Audit conducted a survey to gather feedback from frontline employees on how the Authority can be effective amid the pandemic. The feedback served as support to management in continuing operations amid disruption.
- Issuance of the Audit Recommendation

5.5.4. Quality Assurance Improvement Programme

The Quality Assurance Improvement Programme commenced in 2020. An in-house assessment was conducted and reported to the Board. Unavailability of the TeamMate Audit Management Software and inadequate internal audit staff members continue to be a challenge for the effective and efficient execution of the Internal Audit mandate. Provision of these resources is anticipated in future to achieve wider audit coverage and robust assurance.



6.0 OPERATIONAL REPORT

6.1. Economic Regulation Electricity Licencing

During the year 2020, renewable energy technologies continued to dominate among the applications for new generation capacity especially solar technology. For the first time, new applications have been received from mining companies who basically intend to generate for own consumption with any excess being supplied to the national grid. Such a developmental move is set to take off a significant load from the power utility thereby increasing access to modern energy.

6.1.1. New Applications for 2020

A total of 16 new licence applications with a total installed capacity of 672.6 MW were received during the year. Twelve (12) of the licences were for solar photovoltaic power plants, one (1) was for a biomass combined heat and power plant, one (1) was for a waste to energy and one (1) for a coal-fired thermal power plant and one (1) for a mini-hydro.

Table 5: New IPPs applications

Applicant's Name	Type of Licence	Location Of Power Plant	MW	Technology
1. TD Energy	Generation	Chivhu, Chikomba District, Mashonaland East Province	20	Solar PV
2. Murombedzi Solar	Generation	Murombedzi Industrial, Zvimba District in Mashonaland West Province	10.5	Solar PV
3. Murowa Solar	Generation	Mazvihwa Communal Lands in Zvishavane District	68.4	Solar PV
4. Cam & Motor Solar	Generation	Kadoma District, Mashonaland West Province	54	Solar PV
5. Dalny Solar	Generation	Chakari in Kadoma District in Mashonaland West Province	54	Solar PV
6. Renco Solar	Generation	Nyajena Communal Lands Renco District, Masvingo Province	38.04	Solar PV
7. AF Power	Generation	Upper Nondwene Estate in Bulawayo District	50	Solar PV
8. Teges Solar	Generation	Chiwundura District in Midlands Province	5.345	Solar PV
9. Afrobliss Energy	Generation	Marondera in Mashonaland East Province	10	Solar PV
10. Manicaland Bioenergy	Generation	Nyanga, Manicaland Province	10	Biomass combined heat and power plant
11. EPCA South	Generation	Gweru Aerodrome in Gweru in Midlands Province	5	Solar PV
12. Titan Power	Generation	Hwange in Matabeleland North Mining District in Matabeleland North Province	270	Thermal Coal-fired
13. Tawanda Energy	Generation	Mutare, Manicaland Province	6.3	waste to energy power plant
14. Marula Power Company	Generation	Chipangayi Growth Centre near Middle Save Estates in Chipinge District, Manicaland Province	50	Solar PV
15. Jerikash Hydro Electric Company	Generation	Mashonaland East province	11	mini-hydro
16. Solgas Energy	Generation	Cross Mabale, Hwange	10	Solar PV
TOTAL			672.585	

6.1.2. Licences Amended

The license for Mopower Solar (Private) Limited was amended in terms of section 49 of the Electricity Act due to change of project site from Orient Farm to Patchwood Farm in Somabhula in Gweru District in Midlands Province.

6.1.3. Licences Issued in 2020

The Authority licensed twenty-two (22) electricity generation projects during the year with a total capacity of 712.671MW. Licences were issued as follows;

- a) Solar photovoltaic power plants (19)
- b) Concentrated solar power (1)
- c) Biomass combined heat and power plant (1) and
- d) Coal-fired power plant (1)

Table 6: IPPs licensed in 2020

Licensee Name	Power Plant	MW	Technology	Location	Date of Licencing
1 Power Ventures (Private) Limited	Chidobe-Mizpah Solar Photovoltaic Facility	20	Solar PV	Mizpah-Chidobe War in Hwange District in Matabeleland North	13/2/2020
2 Gombe Power Solutions (Private) Limited	Gombe 01 Solar Plant	20	Solar PV	Twyfords Estate in Chegutu in Mashonaland West Province	7/2/2020
3 Alliance Africa Energy (Private) Limited	Project Sunshine Solar Plant	20	Solar PV	Fairholme Farm, Chegutu District, Mashonaland West Province	26/2/2020
4 Caledonia Mining Services (Private) Limited	Blanket Mine Solar Plant	20	Solar PV	Blanket Mine, Gwanda District, Matabeleland South	3/3/2020
5 Triangle Solar Systems (Private) Limited	Triangle Solar Systems Solar Plant	20	Solar PV	Nuanetsi Ranch A, Chiredzi District, Masvingo Province	22/5/2020
6 Murombedzi Solar Park (Private) Limited	Murombedzi Solar Park	20	Solar PV	Stand 771 Murombedzi Industrial, Zvimba District, Mashonaland West Province	22/5/2020
7 Cam And Motor Solar (Private) Limited	Cam And Motor Solar Plant	20	Solar PV	Cam And Motor Mine, Eiffel Flats, Kadoma District, Mashonaland West Province	22/5/2020
8 Renco Solar (Private) Limited	Renco Solar Plant	20	Solar PV	Renco Mine, Nyajena Communal Lands Renco District, Masvingo Province	22/5/2020
9 Murowa Solar (Private) Limited	Murowa Solar Plant	20	Solar PV	Murowa Mine, Mazvihwa Communal Lands, Zvishavane District, Midlands Province	22/5/2020
10 Dalny Solar (Private) Limited	Dalny Solar Plant	20	Solar PV	Chakari, Kadoma District, Mashonaland West Province	22/5/2020
11 AF Power Zimbabwe (Private) Limited	AF Power Bulawayo Solar Plant	20	Solar PV	Upper Nondwene Estate, Bulawayo District	22/5/2020



Table 6: IPPs licensed in 2020, Continued

Licensee Name	Power Plant	MW	Technology	Location	Date of Licencing
12 Chibani I Solar (Private) Limited	Chibani I Solar Plant	20	Solar PV	Glen Avon (S/D 53) Farm, Goromonzi District, Mashonaland East Province	22/5/2020
13 Corezim Mining (Private) Limited	Corezim Solar Plant	20	Solar PV	Sessombi 11 Farm, Kwekwe, Midlands	11/6/2020
14 Bayrich Energy (Private) Limited	Devuli Ranch Solar Plant	20	Concentrated Solar Power	Devuli Ranch, Ward 24 Madzivire Area, Bikita District, Masvingo	11/6/2020
15 Teges Solar (Private) Limited	Teges Solar Plant	20	Solar PV	Saint Patrick's Mission, Ardpatrick Farm in Chiwundura District in Midlands Province	14/7/2020
16 Zororo Energy Company Ltd	Harambe Power Station	20	Solar PV	Randhurst Grange Estate, Melfort, Bromley in Mashonaland East Province	15/7/2020
17 Hapnust Investments P/L	Hapnust Solar Plant	20	Solar PV	Kamureza In Hurungwe District, Mashonaland West Province	2/10/2020
18 Camelzone Enterprises P/L	Camel Energy Solar Plant	20	Solar PV	Sans Souci Farm in Mashava In Masvingo Province	2/10/2020
19 EPCA South P/L	Gweru Aerodrome Solar Plant	20	Solar PV	Gweru Aerodrome, Gweru, Midlands Province	2/10/2020
20 Lafrica Energy (Private) Limited	Lafrica Energy Power Station	20	Coal-Fired Thermal	Zambezi Gas and Coal Mine, Sinamatella Road, Hwange In Matabeleland North Province	30/10/2020
21 Kusile Solar Park (Private) Limited	Chertsey Solar Plant	20	Solar PV	Buda Old Resettlement Area in Gweru District, Midlands Province	8/12/2020
22 Manicaland Bioenergy (Private) Limited	Manicaland Bioenergy Power Plant	20	Biomass (Combined Heat And Power Plant)	The Wattle Company, Selborne Estate, Nyanga, Manicaland Province	29/12/2020
TOTAL		440			

6.1.4. Progress Of Licensed Projects

Table 7: Status Of Licenced Power Projects As At 31 December 2020

STAGE OF DEVELOPMENT	LICENSEE	CAPACITY (MW)	NUMBER
1. Stage 1 - Concept/ Pre-feasibility stage	Wild Bush Investments (1.6MW)	1.6	1
2. Stage 1(b) Feasibility and Technical Studies	De Green Rhino Energy (50MW), Sinogy Power Zimbabwe (175MW), Solarwise Energy (Private) Limited (50MW), The Solar Group(50MW), Indo Africa Power (Private) Limited (10MW), Energywise Equipment (Private) Limited(30MW), Manicaland Bioenergy (10MW), Southern Energy (600MW) , Lafrica Energy (Private) Limited (150MW), Bayrich Energy (Private) Limited (50MW), Tokwe Mukorsi Hydroelectric (Pvt) Ltd (15MW), Steam Team (0.5MW), Eastern Hydro and Electricity Supply Company (2.4MW), Africa Oracle Solar Generation Company (25MW) , Acacia Energy Company (50MW), New Glovers Solar (10MW), Planet Solar Zimbabwe (50MW), Shangani Renewable Energy (25MW), Mopower Solar (50MW), Sable Solar Energy (50MW), TD Energy – Norton(40.8MW), Lumiger Solar (50MW), Accelerated Sustainable Power in Renewable Energy (10MW), Parvalue Energy (50MW), Kujoke Africa Investments (5MW), Gombe Power Solutions (50MW), Alliance Africa Energy(50MW), Triangle Solar systems(45MW), Murombedzi Solar Park (10.5MW), Cam and Motor Solar (30MW), Renco Solar (15MW) , Murowa Solar (15MW), Dalny Solar (15MW), AF Power Zimbabwe (50MW) , Chibani I Solar (20MW), Corezim Mining (20.6MW), Teges Solar (5MW) ; Zororo Energy Company (50MW) ; Hapnust Investments (5,071MW); Camelzone Enterprises(50MW); EPCA South (5MW); Kusile Solar Park (24MW), Gwanda Solar Power Plant (100MW), Muryati Solar Plant (100MW), Mutare Peaking Power Station(120MW)	2435.271	46
3. Stage 2- Feasibility/Proof of bankability	Pito Investments (25MW), Riverside Power Station (7.5MW), Custodian Energy Group (10MW), Equinox Energy (10MW), Guruve Solar Park (5.5MW), Zhenje Solar Park (33), Matshela Energy (100MW), Shilands Enterprises (345MW),Sengwa Power Station (2400MW),PER Group Lusulu (2000MW), Mvura Dam (1MW), Rusitu Power Corporation (1MW), Pelshong Investments(1MW), Nyakupunga Power Station (0.6MW)	4979.6	14
4. Stage 3 – Funding	Centragrid Private Limited (23MW), Great Zimbabwe Hydro (5MW), Plum Solar Private Limited (5MW), Caledonia Mining Services(17.5MW)	91.3	5
5. Stage 4- Construction	Solgas (5MW), Richaw Solar Tech (5MW), Harava Solar Park (20MW), Kefalos Solar Power Plant (0.6MW), Zimbabwe Zhongxin Electrical Energy Thermal Power Station (50MW), Power Ventures (25MW), Tsanga A Power Station(2.69MW), Tsanga C Power Station(2.15MW)	710.44	9
6. Stage 5a - Operational	Duru (2.2 MW), Nyamingura (1.1 MW), Pungwe A (2.75 MW), Pungwe B (15.25 MW), Pungwe C (3.75 MW), Hippo Valley Estates (39 MW), Triangle Estates (35 MW), Green Fuel (18.3 MW), Hauna Power Station (2.3 MW), Kupinga Power Station(1.6 MW), Claremont Power Station (0.3 MW) , Riverside Power Station (2.5 MW), Nottingham Estates (1.5MW solar and 0.75MW diesel), Padenga Holdings (0.33MW), Kariba South Extension (300MW), Tsanga B Power Station (2.06MW), Centragrid Private Limited (2MW), Econet Wireless (0.45MW), Standards Association of Zimbabwe (0.19MW), Schweppes Limited (1MW)	434.77	20
6. Stage 5a Commissioned but not operating	Border Timbers (0.5 MW)	0.5	1
TOTAL		8 653.481	96

6.1.5. Electricity Tariff Reviews

In line with the tariff indexation formula approved October 2019, the Authority continued to implement adjustments emanating from the movements in the exchange rate and inflation to ensure that the tariff level is preserved. In that regard, tariff adjustments of 19.02% in March 2020 and three (3) 50% adjustments were implemented in September 2020, October 2020 and November 2020.

The November 2020, the domestic tariff structure was reviewed as a way to ensure that domestic consumers were cushioned. The resultant tariff level after the November 2020 adjustment was USc7.51/kWh which was below the targeted October 2019 tariff level of USc10.63/kWh.



6.2. Technical Regulations - Electricity Sub-Sector



CEO site tour of Electricity projects

6.2.1. Increased Access (Plans, Policies and Frameworks)

6.2.1. National Integrated Energy Resource Plan

The Authority participated in the review of the inception report submitted by the consultant who had been engaged to develop the National Integrated Energy Resource Plan (NIERP). The consultant was later disengaged for strategic reasons. The plan will chart the future of the energy mix in electricity generation in the country. The NIERP is expected to be developed in the coming year pending the selection of a new consultant. Renewable energy will be key in increasing access to clean energy and as such the Authority is seeking funding to facilitate for wind resource measurement for the country.

6.2.2. Regulations

The Authority drafted the Electricity Networks Third Party Access Code in-order to ensure equitable, efficient and coordinated access to the Electricity Grid/Network infrastructure in Zimbabwe in terms of section 59 (5) of the

Electricity Act [Chapter 13:19] and as part of its mandate in terms of section 4 (g) of the Energy Regulatory Act [Chapter 13:23].

The Code deals with access to electricity networks in Zimbabwe and focuses on:

- The requirement for access to electricity networks which arose because of the Government's intention to progressively open up the electricity sector to Independent Power Producers and retailers to promote competition as prescribed in the Electricity Act.
- The framework for sharing infrastructure facilities that cannot be economically duplicated, third party use of those networks is an essential pre-requisite for introducing competition in upstream or downstream markets.
- Stakeholder feedback was minimal due to Covid-19 lockdown and follow up requests will be done with various stakeholders to provide comments on the draft code. The final Code is expected to be published in Q2 2021.

6.2.3. Customer Supplied Prepayment Meter Scheme

The scheme, which is now in its third year running, continues to play a pivotal role in the improvement of new customer connections in ZETDC.

Table 8: Customer supplied prepaid meter scheme statistics

Description	2020	2019	% Change
Meters Imported	20,403	18,719	9%
Meters Sold	22,441	28,154	-20%
Agents Registered	21	22	-5%
Agents Deregistered	10	5	100%
Certificates Issued	21	22	-5%

6.2.4. Ensuring Safety, Reliability and Quality of Supply

6.2.4.1. ZETDC Distribution Code

The Authority audited ZETDC Northern Districts of Bindura, Marondera, Kadoma, Beatrice and Chinhoyi and compliance notices were issued for non-compliances identified. Little progress was observed in rectifying non-compliances reported in 2019 due to lack of financial

resources because of non-cost-reflective tariff. An overall 53.31% compliance rate was achieved.

Southern Region compliance rate marginally improved from the previous 62% to 66% because of redressing non-compliances raised

Table 9: Compliance Performance of Northern Region of the utility.

Customer Service Centre	Secondary Substations Assessed	Compliance level
Marondera	14	68.9%
Bromley	13	52.4%
Mutoko	10	71%
Bindura	8	47%
Mvurwi	8	38.8%
Concession	8	40.7%
Chinhoyi	14	36.4%
Karoi	14	33%
Kariba	13	71.3%
Kadoma	14	68.9%
Beatrice	13	58.05%
Overall compliance rate		53.31%

Compliance notices and orders issued to ZETDC and Nyangani Renewable Energy (Mtoko Solar Plant) for various non-compliances were at various levels of redress. The Authority remains committed to reviewing of the Electricity tariff to cost reflective levels to ensure the utility has

adequate resources, to maintain the network.

The ZETDC distribution network is generally aged and there is need to recapitalise it. The current tariff has no depreciation and return on assets components. There is a pressing need



to reinstate the components to mitigate against financial resource constraints facing the utility. There is an urgent need for Customer Service Standards to be published by ZETDC given that resources are expected to improve in order to be able to offer reliable service to consumers.

ZETDC needs to establish documented procedures for use by staff for all their activities as they are lacking in this regard. This process is taking place albeit at a slow pace and ZETDC. The Authority will continue to engage ZETDC with a view to have all non-compliances addressed.

No meetings of the Distribution Code Review Panel were held due to the restrictions imposed by the Covid 19 lockdown and lack of quorum in all circumstances. Online meetings have been scheduled for 2021.

6.2.4.2 Generation Code

The Authority made substantial progress in developing the Generation Code for monitoring the electricity generation sector and this is expected to be completed in 2021. This Code seeks to facilitate economic, safe and reliable operation of generation facilities. The Code covers areas of operations, maintenance, performance, risk management and occupational health and safety.

6.2.4.3 Electricity Public Safety Regulations

The Authority commenced enforcement of the Public Safety Regulations with the prosecution of ZETDC in Kadoma for the electrocution of one Vanessa Mapokotera in Chegututu who was electrocuted by a collapsed 11kV line. The charge against ZETDC was for contravening s5 (1) (e) of S.I 177 of 2018 for failure to “rectify without delay any condition of infrastructure that exposes, the public, to electrical risk on notification of such condition.” Due to Covid-19 lockdowns this case had not been concluded by year end.

Secondly ZETDC was being charged for failing to comply with “approved standards, codes, engineering and safety standards or instructions governing the works” in constructing the line in contravention of s3(4)(d)(iv) of S.I 177 of 2018. It is hoped the case should be concluded once the courts resume operations, having been impeded by the Covid19 pandemic.

ZETDC was also charged for contravening the regulations in an accident which occurred on 21 November 2019 in Gweru where one Takudzwa Chinodya was electrocuted when he got into contact with an energised stay support wire adjacent to Midlands State University Batanai Campus in Senga.

The ZETDC-appointed contractor energised the stay wire due to poor workmanship and ZETDC infringed the regulations by not checking the qualifications of the contractor and not checking the safety of the completed work before energising. The case is yet to be concluded by the Courts.

6.2.5 Promotion of Renewable Energy

6.2.5.1 Net Metering Implementation

The Authority continues to closely monitor the implementation of Net Metering regulations SI 86 of 2018 which were promulgated in June 2018 to enable roof top solar PV systems for domestic, commercial and industrial applications to feed excess energy into the grid thereby essentially reducing the electricity bills as well as increasing energy supply to the national grid.

Net metering is a billing mechanism that credits solar energy system owners for the electricity they feed into the grid. It is currently limited to an installed capacity of 100kW.

During the year 2020 ZETDC received a total number of 49 applications for net metering which are currently being considered and are at different processing stages as shown in table 10.

Table 10: Net Metering Implementation Status as at end of 2020

Status of Application	Number	Capacity (kW)
Commissioned	19	202.8
Awaiting Commissioning	5	928.0
Awaiting Meter Installation	1	40.0
Stores Requisition in Progress	8	96.0
Awaiting ENM2 Payment	14	682.4
Awaiting Network Studies	2	650.0
Total Application	49	2,599.2

The total number of net-metered connections commissioned during the year 2020 was nineteen (19) with a total installed capacity of 202.8kW. The net metered participants are drawn from different customer categories such as Domestic, Commercial and Agriculture.

If all the forty-nine (49) applicant participants are connected, the total installed capacity for net metered customers will get to at least 2.6MW. In summary, the net metering program was implemented as shown in table 11 for the period 2019 to 2020:

Table 11: Net Metering Implementation Summary

YEAR	2019	2020	Total
Number of Sites Connected	2	19	21
Connections Installed Capacity (kW)	300	202.8	502.8

The following challenges were encountered during programme implementation;

- i. Daytime load shedding by ZETDC affects net metering and discourages prospective net metering participants from applying for connection.
- ii. The high cost of bi-directional smart meters as well as grid tied inverters is an inhibiting factor to programme implementation.
- iii. The outbreak of Covid-19 pandemic slowed down the rate of net metering connections.
- iv. The Power Utility’s resistance to net metering delayed progress in connections especially during the year 2019.
- v. The regulations SI 86 of 2018 restricts net metering participation to sites with a maximum installed capacity of 100kW and there is a challenge as many of the commercial solar installations have installed capacities that exceed the 100kW limit.

During the year Net Metering Regulations (Statutory Instrument 86 of 2018) were revised to address operational challenges encountered during implementation. The Authority in

concurrency with the Ministry of Energy and Power Development (MOEPD) and ZETDC proposed the following key amendments to the regulations:

- i. The threshold capacity to be extended from 100kW to 5MW
- ii. The compensation factor proposed to be 0.8 for domestic customers and 0.85 for MD customers (this provides for network use charges)
- iii. The accrued energy credits to be rolled over only for a maximum period of two years.
- iv. The application fee to remain at \$20 USD equivalent while the connection fees will be determined by the utility and shall be subject to ZERA approval

The extension of the capacity threshold to 5MW is meant to accommodate many upcoming “prosumers” with high installed capacities to participate in the net metering scheme.

The Net Metering regulations amendments were submitted to the AG’s Office for promulgation.



6.2.4.2. Renewable Energy Service Provider Registration

In a bid to respond to the renewable energy sector market needs, the Authority (ZERA) registers renewable energy service providers in order to provide the public with an informed choice of a service provider. The service providers include contractors, installers and retailers of renewable energy products.

The Authority assesses renewable energy service providers before registering them. This is a quality control measure on the services and products offered on the market to the benefit of consumers. The assessment of renewable energy service providers is an ongoing process and the Authority maintains a database which is regularly updated.

The renewable energy service provider registration trend from year 2018 is as shown in the table below:

Table 12: Annual Cumulative Registration Statistics

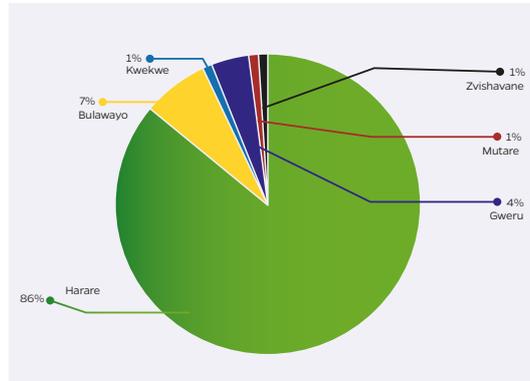
Year	2018	2019	2020
Cumulative Number of Registered RE Service Providers	26	65	99

A total of 99 solar companies were registered as at 31 December 2020. The distribution of the registered service providers is shown in the table and pie chart below and is as follows: Harare (85), Gweru (4), Bulawayo (7), Mutare (1) Kwekwe (1) and Zvishavane (1).

Table 13: Distribution of RE Service Providers

City/Town	RE Service Providers Distribution
Harare	86%
Bulawayo	7%
Kwekwe	1%
Gweru	4%
Mutare	1%
Zvishavane	1%

Figure 1: Distribution of RE Service Providers



Harare contributes the majority of the registered renewable energy service providers and the Authority is making efforts to assess and register service providers from outside Harare. The registration of service providers was also affected by the Covid-19 pandemic as it limited the number of onsite inspections that could be carried out. The targeted number of inspections for the year 2020 was 60 and only 36 were conducted.

6.2.4.3 Development of Standards for Pico Solar Products and Solar Home System Kits

Whilst solar lanterns and solar home system kits are an effective lighting and electrification solution for off-grid households and small businesses the proliferation of poor-quality products on the Zimbabwean market is a cause for concern as it creating a negative perception of off-grid solar solutions.

In Zimbabwe there are solar companies that have distributed more than 55 000 pay as you go solar home systems countrywide which have significantly increased energy access mostly to the rural folk who often rely on unsustainable energy options for cooking and lighting such as the use of kerosene and firewood.



Pay-as-you-go Pico solar products and solar home system kits

The Authority therefore spearheaded the development of standards for pico-solar products (less than 10W) and solar home system kits – that is the off-grid solar products.

Quality standards protect consumers from the risks of poor-quality products (e.g. products that don't perform according to their specifications, products with early failure rates and products with poor lithium ion battery management resulting in overheating of batteries and the risk of fire or explosion.

The Authority in partnership with Standards Association of Zimbabwe among other stakeholders resuscitated the Technical Committee for Solar Photovoltaic Energy Systems in early September 2020 to develop standards to address the above. Two standards IEC standards in the following areas were reviewed and adopted by the Technical Committee;

- i. Laboratory evaluation of stand-alone renewable energy products for rural electrification
- ii. Requirements for stand-alone renewable energy products with power ratings less than or equal to 350 W

The Technical Committee comprised amongst others ZERA, Ministry of Energy and Power Development, Rural Electrification Fund (REF) Ministry of Environment, Climate, Tourism and Hospitality Industry (MECTHI and Standards Association of Zimbabwe – Secretariat (SAZ).

The Committee also made the following recommendations;

- a) ZERA to come up with a supporting regulatory environment to help with enforcing of the standards by 31 December 2021. This is to be done by facilitating the inclusion or incorporation of the published standards onto the CBCA program which is being administered by the Ministry of Industry and Commerce.

- b) The need to capacitate SAZ Engineering laboratories to be able to carry out laid out tests specified in the standards. SAZ Engineering laboratories have an advantage of Accreditation.
- c) The need to capacitate MOEPD and ZERA to carry out a baseline survey to understand the products in the market and the local manufacturers.
- d) The need for off-grid products on the market to have circuit overload protection as required by the IEC standards.

6.2.4.4. Implementation of Solar Thermal Technology Roadmap

A Solar Thermal Technology Roadmap and Implementation Plan document was published in 2019. This is a result of collaborative efforts between the Government of Zimbabwe (represented by MOEPD) and the Southern African Solar Thermal Training and Demonstration Initiative (SOLTRAIN) to promote use of solar heating and cooling in the country. The solar thermal technology roadmap initiatives are also being spearheaded in other five target SADC countries namely; Botswana, Lesotho, Mozambique, Namibia and South Africa and funded by the Austrian Development Agency and coordinated by SADC Centre for Renewable Energy and Energy Efficiency (SACREEE).

The Southern African Solar Thermal Training & Demonstration Initiative (SOLTRAIN) is a regional initiative on capacity building & demonstration of solar thermal systems in the SADC region and aims to support a sustainable supply structure based on renewable energy in general, and on solar thermal in particular.

The Solar Thermal Technology Roadmap for Zimbabwe targets to reach 0.1 m² of collector area per capita by 2030 which adds up to a total of 2 million m² of solar collector area by 2030. The projected sector contributions and targets are as shown in the table below



Table 9: Compliance Performance of Northern Region of the utility.

Sector	Specific Target	Number of Systems	Estimated solar collector area to satisfy demand	Percentage of Overall Vision
Domestic (Thermo-syphon and pressurised systems)	Existing electrified urban households (retrofitting)	300,000	600,000 m2	30.00 %
	Existing non-electrified urban households and rural households	185,000	370,000 m2	18.50 %
	New urban houses	425,000	850,000 m2	42.50 %
Public and Commercial (pressurised systems)	Hostels, Hospitals and Hotels	4,800	145,000 m2	7.25 %
Industrial (process heating and cooling)	Food & Beverages, Textile, Chemical, Mining , Agriculture etc.	350	35,000 m2	1.75 %
TOTAL			2,000,000 m2	100.00 %

The Authority drafted the terms of reference and concept note for hiring a consultant to develop the solar thermal technology roadmap and implementation plan/ bankable proposal. The project is being coordinated by the Project Steering Committee chaired by MOEPD with support from ZERA, Ministry of Environment, Climate, Tourism and Hospitality Industry, UNDP, SOLTRAIN country partners and SACREEE.

6.2.5. Research and Development

The Authority experienced cash flow problems in 2020 limiting the uptake of new research projects. The ongoing project on the Multi-purpose Jatropha processing plant at HIT could not be completed due to lack of Jatropha seed that is needed to proof test the concept. The testing was deferred to 2021.

The Authority identified specific research areas on heritage-based research issues within ZPC, ZETDC and the Battery Industry whose players confirmed readiness to participate and facilitate in the research. The research will be conducted through a call for proposals from local universities and research institutions in the second quarter of 2021.

For ZPC, the research is expected to address persistent boiler tube leak problems at Hwange Power Station; for ZETDC research will consider issues to do with distribution infrastructure performance and security; whilst for Chloride Zimbabwe the research will focus on battery performance and enhancing capacity for adoption of new technologies

6.2.6. Promotion of Energy Efficiency

The Authority drafted Energy Management and Energy Efficiency of Electrical Appliances Regulations for consideration and promulgation by the Minister of Energy and Power Development. The Energy Management regulations will prescribe the adoption of energy management policies and the necessity for large consumers to invest in energy improvement; and the registration requirements for Energy Auditors and Energy Services Companies.

Considerable work was done on Energy Efficiency of Electrical Appliances regulations which prescribe the requirement for domestic electrical appliances to meet specified minimum energy performance standards. These were expected to be complete in 2021. Amendments for the Lighting Ban and Labelling regulations (SI 21 of 2017 and SI 208 of 2018) were submitted to the MOEPD for consideration. The amendments address issues of application, the level of fines and the possibility of empowering ZRP to enforce the Lighting Ban and Labelling regulations.

The Authority carried out 1,255 inspections and seized banned lighting products with a rated capacity of nearly 2MW. This represents a curtailment of inefficient demand of nearly 1.6MW. Equipment (Integrated Sphere System) for testing quality of lighting products was, procured by the Authority and donated to the Standards Association of Zimbabwe. The equipment will enhance national capacity to verify electrical and photometric parameters of lighting products.

6.2.6.1 Promotion of Electric Mobility

The Authority facilitated for the development of an Electric Mobility Policy by developing the regulatory framework. An electric vehicle was procured for promoting e-mobility and the vehicle is undergoing operational testing to appreciate its efficiency.

The Authority in partnership with Standards Association of Zimbabwe and various stakeholders are working to develop local standards for charging electric vehicles in Zimbabwe. The development was necessitated by the continuing importation of electric vehicles into the country.

The standards identified for review and domestication are;

- IEC 61851 Parts 1, 21, 23 and 24: Electric vehicle conductive charging system- General requirements
- ISO 15118-1:2019(E) Road vehicles — Vehicle to grid communication interface — Part 1: General information and use-case definition

Technical committee review meetings were postponed due to Covid-19 pandemic in March 2020 and virtual meetings were not successful. It is expected that the standards will be published in 2021 to pave way for quality installation of chargers countrywide.

6.3. Economic Regulation - Petroleum Sub-Sector



6.3.1 Licensed Petroleum Companies (2012-2020)

In the period January to December 2020, the Authority licensed petroleum sector operators as shown in table 15 below.

Table 15: Petroleum Licensing Statistics, 2012 - 2020

Licensee Category	Year								
	2012	2013	2014	2015	2016	2017	2018	2019	2020
Retail	229	411	496	594	569	609	638	709	733
Procurement	48	39	32	31	36	40	63	130	10
Wholesale	16	6	7	6	7	2	3	7	18
Blending	5	11	18	16	15	10	11	11	10
Production	1	2	4	4	3	4	2	1	1
Total	299	469	557	651	630	665	717	996	772

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 the year 2012 to 733 in the year 2020 due to increased compliance work.

6.3.2 Retail Licenses Distribution By Province

Table 16 shows the geographical distribution of the retail sub-sector operators in the different provinces.



Table 16: Geographical distribution of retail service stations, 2020.

Province	Number of licensed retail sites
Bulawayo	65
Harare	264
Manicaland	76
Mashonaland Central	33
Mashonaland East	57
Mashonaland West	79
Masvingo	51
Matabeleland North	20
Matabeleland South	30
Midlands	58
Grand Total	733

Table 16 shows that Harare had the highest number of petroleum operators in 2020 followed by Mashonaland West and Manicaland provinces.

6.3.3 LPG Licenses

Table 17 below shows that the number of licensed LPG operators have increased over the period 2015 and 2020.

Table 17: Number of licensed LPG operators, 2015 to 2020

Licensee Category	Year					2020
	2015	2016	2017	2018	2019	
Retail	39	80	110	135	125	158
Wholesale	14	17	16	17	13	23
Total	53	97	126	152	138	181

6.3.4 Development of LPG Pricing Regulations

The Authority started working on development of LPG pricing regulations in 2020. This was done as a way of ensuring that consumers of LPG are protected from unscrupulous operators who were suspected to be overcharging on the commodity thus also discouraging the use of the product. As part of that process, wholesalers/importers of LPG were requested to submit information with regard to the sources of the product, its transportation modalities and costs as well as the attendant administration and handling costs.

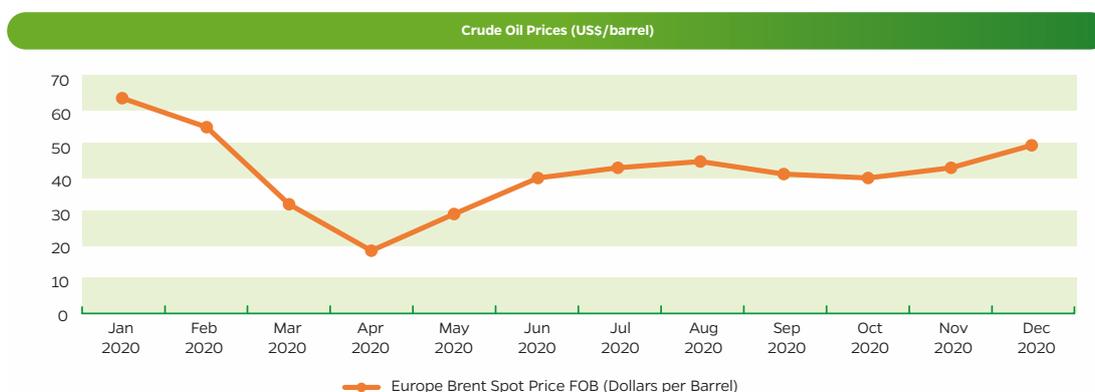
6.3.5 Pricing of Petroleum Products

6.3.5.1. International Crude Oil Price Movements

The Authority continued monitoring the movements in crude oil prices for the purpose of determining the local fuel prices in terms of section 54 of the Petroleum Act.

The crude oil prices which had been firm at the start of 2020 drastically collapsed to around US\$18/barrel during the first quarter of 2020 due to the Covid-19 induced lockdowns which resulted in a collapse in demand and a lack of storage capacity for excess supply. As the year progressed the crude oil prices recovered as demand went up as countries started opening up economic activities as the first wave of the Covid-19 passed. The prices fluctuated during the rest of the year and ended up on a high of \$49 per barrel.

Figure 7- Crude Oil Prices (US\$/barrel)



6.3.5.2. FOB Prices Trend

The calculated FOB prices based on Platts followed a similar pattern as demonstrated by the crude oil prices indicated in Table 7 above albeit with a one-month time lag based on the M-1 fuel pricing principle.

Figure 8 is a graph that shows the movements in the FOB prices between January 2020 to December 2020.

Figure 8 – FOB Price Trend



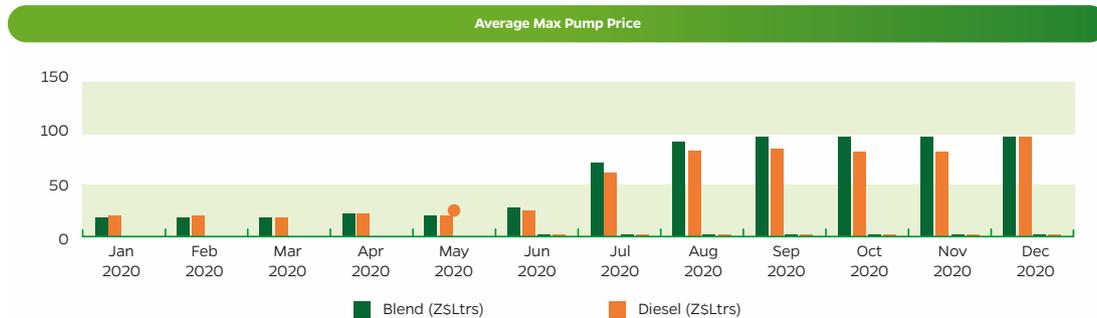
6.3.5.3. Maximum Market Prices

The prescribed maximum prices in local currency continued to increase during the year due to the decline in the value of the local currency against the US\$ which started the year at around US\$1: ZWL2.5 and closed the year around US\$1: ZWL82.

During the fourth quarter of 2020, the prices of diesel went up to equal the price of blended fuel as a result of the increase in the duty of diesel by USc5/litre. Figures 9 and 10 show the changes to the prices of diesel and blend from January to December 2020.



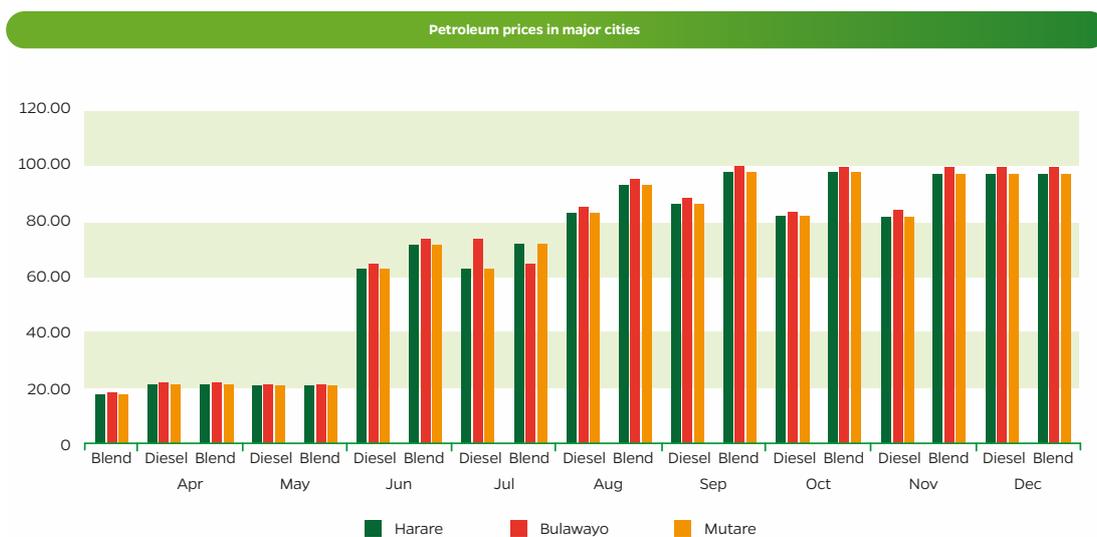
Figure 9: Average max pump price



6.3.5.4. Average Market Price Comparison

The average fuel prices in the major cities are shown in the graph below. The differences in prices are due to delivery costs which are added as the fuel is transported from the major depots in Harare and Mutare.

Figure 10: Petroleum prices in major cities



6.3.6. Geographical Information System (GIS) For Petroleum Sector

The Authority developed a GIS system for the petroleum sector which captures all petroleum sector fuel retail sites, all private and public depots as well as ethanol production sites. Among other information, the GIS captures the GPS coordinates, capacities, ownership/management, unique identification number and licensing information.

different sites and improve on compliance work. External users can use it to identify fuel sites closest to them and be informed of the products available.

Figure 11 picture shows all the fuel sites in the country and figure 12 shows the fuel sites in Chivhu town.

As part of the GIS, internal staff can use the system to monitor the performance of the

Figure 13 shows the site capacities of the retail sites.

Figure 11: Zimbabwe fuel sites

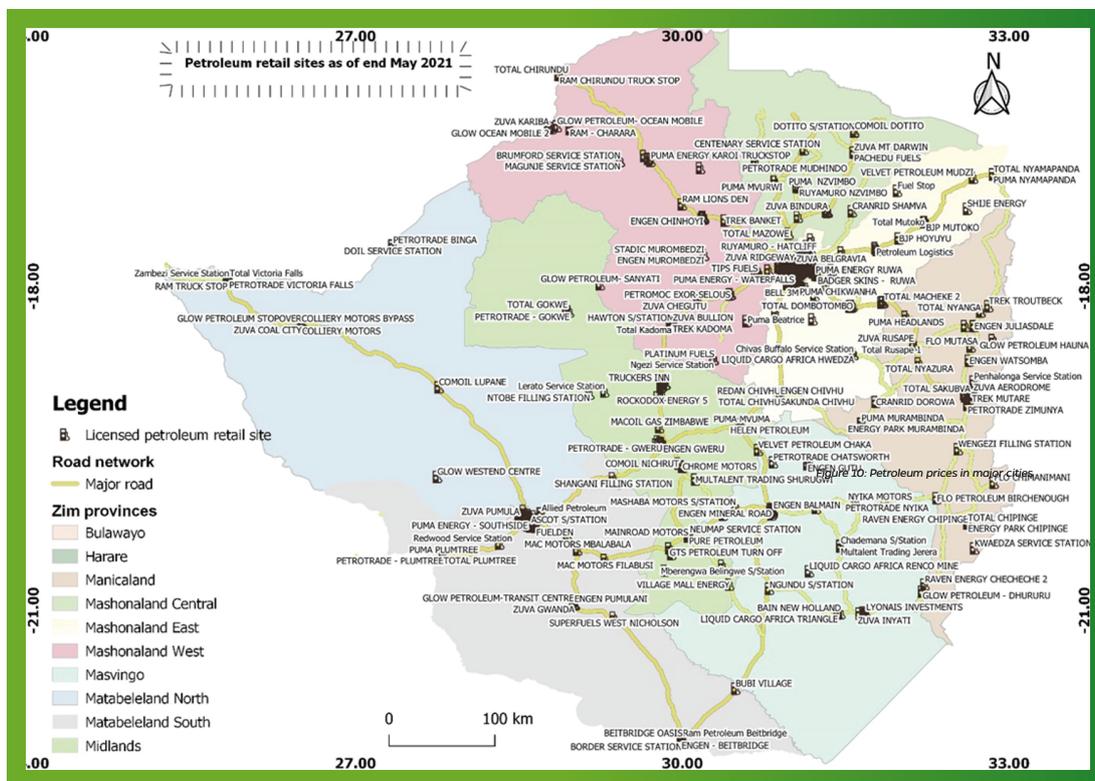


Figure 12: Chivu town fuel sites

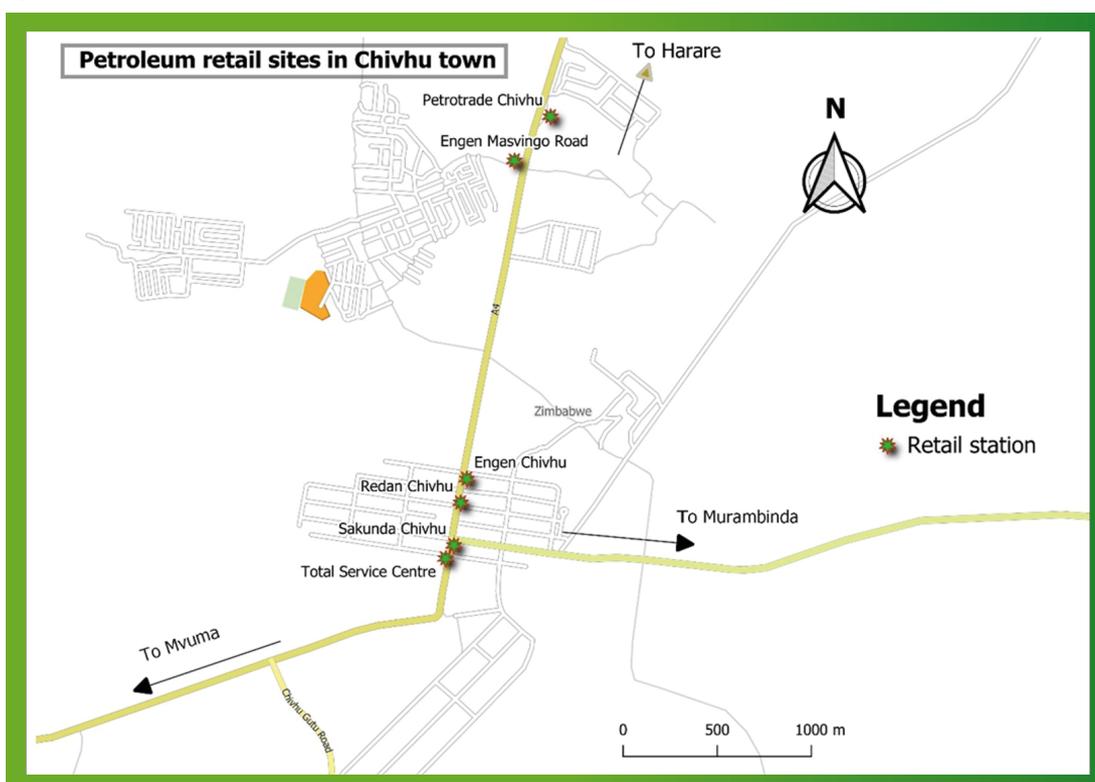
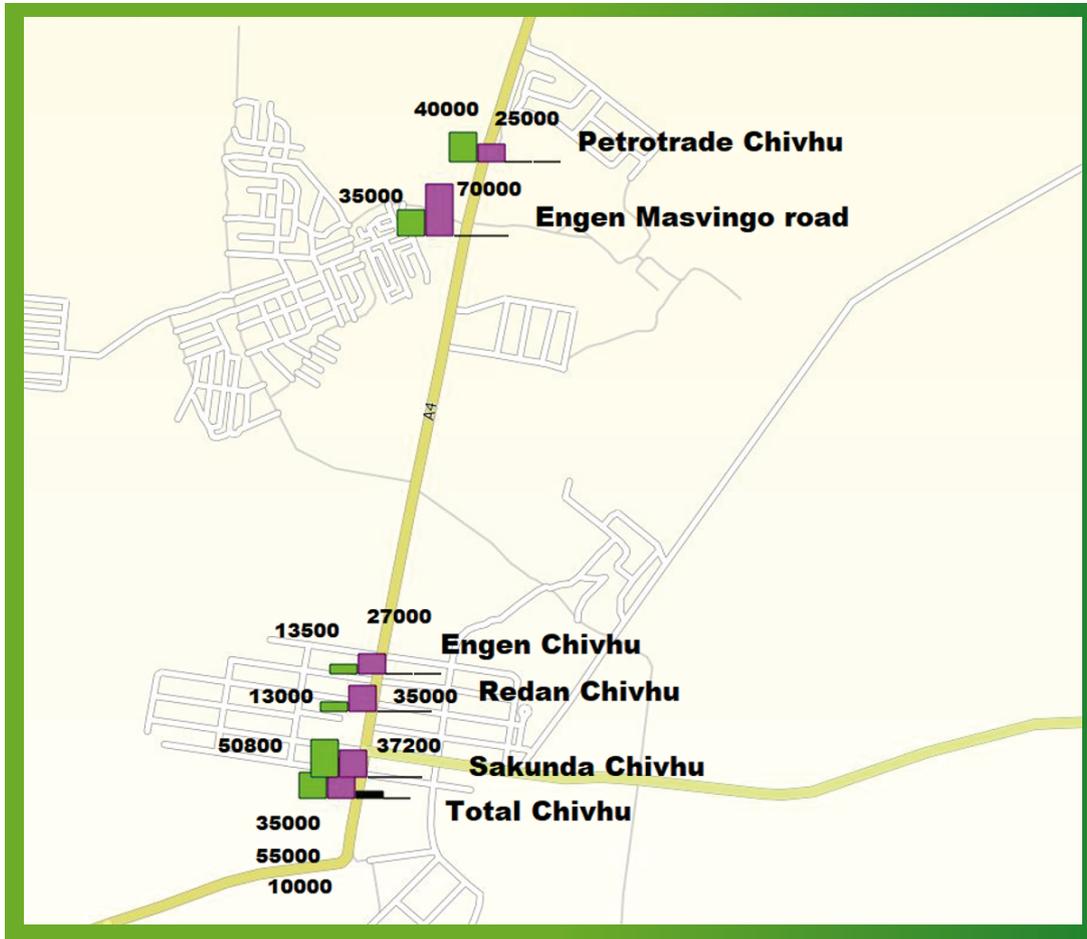




Figure 13: Site capacities information



6.4 Technical Regulations - Petroleum Sub-Sector



Technical Petroleum Fuel quality blitz at one of the licensed site.

Petroleum sector monitoring and enforcement activities were negatively affected by the Covid-19 lockdown, which took away close to 9 months of productive time. Field monitoring resumed at the end of the year when the lockdown was briefly lifted, resulting in significant work being done in Quarter 4 in

terms of increased fuel quality testing and retail sites infrastructure inspections.

6.4.1. Fuel Retail Sites Inspection

A total of 410 site visits were carried out for inspection during the year out of a target of 600 visits. Average compliance to standards of the inspected sites was 88% against a target of 70%.

Table 18: No of inspections carried out per quarter in 2020

	Compliance Rating				Total	Target Visits	Overall Compliance %
	0-69%	70-79%	80-89%	90-100%			
Q4	13	15	28	86	142	150	85
Q3	7	6	31	58	102	150	87
Q2	1	3	15	38	57	150	90
Q1	0	6	9	94	109	150	93
YTD	21	30	83	276	410	600	88

The 21 sites that did not meet the minimum compliance rate of 70% were given compliance orders to rectify their deficiencies.

Follow up inspections were hampered by the extended lockdown during the year.



6.4.2. LPG Retail Sites Inspections

During the year, 410 LPG site visits were carried out for infrastructure monitoring. This constituted 103% performance against target buoyed by remote and physical inspections in Q3 and Q4.

Table 19: No of LPG site inspections carried out per quarter in 2020

Area	Compliance Rate %				Total	Target Visits	Overall Compliance %
	0-59%	60-69%	70-79%	80-100%			
Q4	22	12	18	56	108	100	73
Q3	37	1	10	139	187	100	77
Q2	3	3	12	43	61	100	78
Q1	13	5	8	28	54	100	71
YTD	75	21	48	266	410	400	76

A total of 35% of the sites inspected did not meet the minimum compliance rating of 80% and the harsh operating environment was blamed for reduced volume and margins leading to low investments in infrastructure improvements. The sites were given compliance orders to be followed up in the new year.

6.4.3. Fuel Quality Monitoring

Fuel quality monitoring activities were affected negatively by the lockdown and by closure of Puzey and Payne, the local franchise holder for the Peugeot brand of the mobile laboratory leading to extended downtime. A total of 443 (37%) site visits were carried out for fuel inspections against a total of 1200.

Table 20: Fuel test visits carried out in 2020

		Q4	Q3	Q2	Q1	YTD
No. of sites visited		151	80	39	173	443
Samples tested	Blend	130	35	13	79	257
	D50	104	37	11	74	226
	LPG	5	18	25	26	74
		239	90	49	179	557
No. failures	Blend	0	0	0	0	0
	D50	3	0	0	0	3
	LPG	0	0	0	2	2
		3	0	0	2	5
Compliance %	Blend	100	100	100	100	100
	D50	97.1	100	100	100	98.7
	LPG	100	100	100	92.3	97.3
Overall		98.7	100	100	98.9	99.1

Two LPG samples failed vapour pressure tests and the LPG wholesalers were prosecuted for selling off-spec products. Their case is still before the courts.

6.4.4. Petroleum Standards Awareness

Petroleum standards training involves gathering operators together for theoretical training and practical demonstrations. These activities were hampered by Covid-19 lockdown ban of gatherings. However, before the lockdown 148 LPG fillers had been trained for ZUVA, Nexus, Top Gas and Nyathi Gas wholesalers out of an annual training target of 300 fillers. The Authority is now developing online training material so that training and awareness programs can be delivered online to

reach more petroleum operators.

6.4.5. Standards Development and Review

To enhance technical regulation and create appropriate tools for enforcement, ZERA initiated the review and developments of the standards by the Standards Association of Zimbabwe (SAZ) and participated in technical committees for the following standards.

Table 21 below shows the standards developed and reviewed in 2020.

Table 21: Standards Developed and Reviewed in 2020

	Standard	Reason for development /review	Status
1	ZWS 913:2 The installation of underground tanks, pumps/dispensers and pipework at service stations and consumer installations.	To clarify issues of oil separator design and to make references to Zimbabwean standards for electrical connections. The old standard borrowed heavily from South Africa.	Published in 2020
2	ZWS 753: Specification of RON 93 unleaded petrol	To tighten parameters that affect quality of exhaust emissions in petrol so as to facilitate import of cleaner petrol to Zimbabwe.	Published in 2020
3	ZWS 970: Guidelines for service stations installations	To clarify forecourt drainage designs and requirements in alignment with ZWS913:2	
4	ZWS 341: Storage and handling small quantities of flammable substances	To update the 1972 standard to cover current issues in the petroleum sector.	SAZ seeking public comments online.
5	Guidelines for mobile fuel filling stations	To give guidance to investors on safe installation and operation of mobile fuel filling stations.	New work

Standards and codes not published in 2020 will be carried over to 2021 for completion.



6.5 Finance, Administration and Institutional Systems



Finance and Administration core business.

6.5.1. Financial Highlights

The financial results for the year ended 31 December 2020 were achieved in a challenging economic environment as a result of the COVID-19 pandemic which affected business operations resulting in the national lockdown being declared by the Government of Zimbabwe.

Total historical income of ZWL\$478 681 710 was recognised in 2020, of which 47 % related to 1% electricity levy, 49% to electricity and fossils license fees and 4% to other income, whilst the inflation adjusted income was ZWL\$615 800 997. Income for the year ended 31 December 2020 increased by 1 072% compared with the income for the year ended 31 December 2019 from ZWL\$40 843 822 to ZWL\$478 681 710.

Total historical expenditure amounted to ZWL\$428 519 813 out of which 72% related to Administration Overheads, 25% to Employment Costs, 2% Depreciation and 1% Corporate Social Responsibility and Donations. The inflation adjusted expenditure was ZWL\$545 396 192. Expenditure for the year ended 31 December 2020 increased by 1 059 % compared with the expenditure for the year ended 31 December 2019 from \$36 966 292 to ZWL\$428 519 813.

The historical operating surplus for the year ended 31 December 2020 increased by 1 194% compared with the surplus for the year ended 31 December

2019 from ZWL\$3 877 531 to ZWL\$50 162 897. The inflation adjusted accounts resulted in an operating deficit of ZWL\$ 4 340 007 in the reporting period.

The net worth of the Authority for the year ended 31 December 2020 increased by 423% compared with the same period in 2019 from ZWL\$55 393 511 to ZWL\$289 627 467.

Total historical capital expenditure for the year ended 31 December 2020 increased by 43% from ZWL\$20 051 223 to ZWL\$28 576 481 compared with the capital expenditure for the same period in 2019. Of the expenditure, 65% related to the acquisition of operational tools of trade and 35% to ZERA Head Office construction works. The inflation adjusted capital expenditure amount was ZWL\$60 725 590.

An audited electricity account receipts and expenditure statement was prepared to determine whether any funds were to be remitted to the Rural Electrification Fund (REF) in terms of the provisions of the Energy Regulatory Authority Act (Chapter 13:23) for the financial year ended 31 December 2020. A historical deficit of ZWL\$15 525 624 was recognised, hence no remittance was made to REF. In 2019 a deficit of ZWL\$2 354 308 was reported.

6.5.2. Administration Overview

Covid-19 remained a major challenge for the Authority and all employees and Field Officers received PPEs, masks and sanitisers in order to protect them against the deadly pandemic. Fumigation and sanitisation of all offices including the regional offices remained an on-going process for the department. All staff members were provided with transport to minimize contact with the public as part of mitigation measures.

6.5.3. Information Technology

The Authority responded to the Covid-19 pandemic by activating its digital platforms. An E-certificate solution with secure QR codes was implemented for all petroleum licensees for

the purposes of minimising human interface and enhancing the ease of doing business. The licences were issued electronically.

All internal and external engagements were held through Microsoft Teams, a collaborative platform that allowed users to continue communicating and collaborating seamlessly, avoiding downtime and maintaining their high levels of productivity and efficiency.

Members of staff had their laptops configured with a shielded and secure Virtual Private Network (VPN) to be able to access the Authority's network and servers remotely. The hybrid model of home and office work has enabled ZERA to decongest its offices in light of the COVID-19 pandemic.

6.6 Human Resources Overview



International women's day staff initiative.



6.6.1. Head Count

The Authority continues to focus on improving quality of service and achieving excellence through adequate and engaged employees. The desire to have adequate employee resources

to meet the Authority’s strategic goals for growth is a crucial component to any talent management strategy. Table 22 is a dashboard of the Authority’s headcount:

Table 22: Headcount

Department	Budget	Total Recruited	Male	Female	Vacancies
CEO’s Office	5	5	3	2	0
Procurement Unit	3	2	2	0	1
Internal Audit	3	3	2	1	0
Legal	7	7	3	4	0
Consumer Services	4	4	2	2	0
Communications	2	2	1	1	0
Technical	19	17	15	2	2
Economic Regulation	11	9	6	3	2
Finance and Admin	17	14	3	11	3
Totals	71	63	37	26	8

The headcount as of 31 December 2020 was 63 against a budget of 71 resulting in a vacancy rate of 11%. In addition to the 63-permanent staff, the Authority had three Student Interns, five fixed term contract staff members and seven Graduate Trainees.

The Authority is continuously striving to recruit the best employees in vacant positions and will endeavour to strike gender balance based on merit.

6.6.2. Gender Mainstreaming

During the period under review, female employees accounted for 41% of head count. This is an improvement from 2019 where gender mainstreaming was 37% of headcount but is still short of 50%.

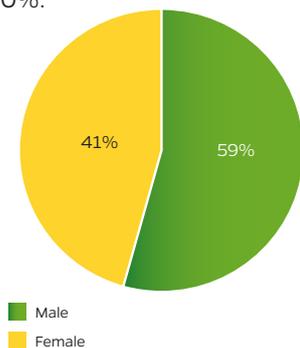


Figure 14: Gender disaggregation

6.6.3. Employee Turnover

The Authority experienced a turnover rate of 3% of head count in 2020. The Authority strives to attract and to retain the right skills to execute its mandate.

6.6.4 Employee Performance

The Authority recognizes excellence and talent in its workforce. ZERA assists its employees in career growth and development so as to optimize productivity and increase individual morale, developing good performance management by monitoring performance quarterly and giving constructive feedback to employees as well as awarding them for good performance. This creates a comprehensive process that includes full co-operation and involvement of each staff member.

6.6.5 Employee Engagement

The Authority realises the importance of employee engagement as one of the key drivers of an organisations success as it promotes retention of talent, fosters customer loyalty and improves overall performance. In this regard the Authority paid attention to issues that are critical with the aim of improving employee engagement. The following issues were given priority in the year 2020, communication, rewards incentives and recognition, leadership and empowerment, participation, teamwork, and work life balance.

6.6.6. Organisational Structure

The Authority is always focusing on improving the customer experience and meeting the needs of all stakeholders. In pursuit of the need to be properly structured, the Authority began a process of reviewing the structure with the view to ensure that the structure is appropriate

for achieving ZERA’s mandate.

The two Regional Offices in Mutare and Bulawayo have increased access and reach to all stakeholders and clients around these areas.

6.6.7 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. Due to the Covid-19 pandemic, the Authority only managed to achieve 13% of the budgeted programmes. ZERA is encouraging employees to attend virtual workshops and trainings.

In terms of technical and professional capacity, the Authority remains solid with 40% of staff being holders of advanced degrees as follows:

Table 23: Staff Professional Capacity

	Female	Male	Total
Master’s degree	21	22	43
Undergraduate	10	15	25
HND	6	5	11
ND	2	3	5
NC	2	0	2

As part of continual capacity enhancement, the Authority supported the following number of employees who were undertaking various degree programs in line with their areas of operations.

Table 24: staff professional enhancement

	Female	Male	Total
Undergraduate	1	4	5
Master’s degree	4	1	5
Total	5	5	10



6.6.8 Employee Relations

The Authority enjoyed cordial relations in the year 2020 and discussions on business performance and issues affecting employees such as pay and benefits, and safe working conditions were given priority. The Authority continues to value communication with employees and encourage employees' participation on issues of mutual interest.

6.6.9 Employee Wellness

Employee wellness is essential to business and the Authority's success. It impacts on a workplace's culture, on its resources and productivity and, ultimately, the Authority's bottom line.

Due to Covid-19, the Authority introduced

online wellness programmes which helped in creating awareness amongst its employees on Covid-19. During the year 2020, employees went for breast cancer screening at the Cancer Association of Zimbabwe, did HIV and Aids presentation and other healthy living presentations such as Sugar Diabetes. The Authority prepared guidelines for managing pandemics such as Covid-19 and adhered to the requirements by decongestion of offices, social distancing, handwashing, sanitizing, wearing of masks and the use of Personal Protective Clothing. The offices were also disinfected for Covid-19 occasionally and every time whenever there were some positive Covid-19 cases.

Employees who reported for work during lockdown were provided with transport. Meetings both internal and external were done virtually to avoid physical contact.

6.7 Consumer Engagement and Education



A consumer shares their insights during a ZERA stakeholder engagement.

6.7.1. Engagement Strategy

During the year the Authority continued with its engagement of Consumer Groups such as Confederation of Zimbabwe Industries (CZI), Chamber of Mines Zimbabwe (COMZ), Zimbabwe National Chamber of Commerce (ZNCC), Farmers Organizations and Residents Associations. The Residents associations remained the focal point for urban areas such Bulawayo, Harare, Mutare, Gweru, Chivhu, Chinhoyi, Bindura, Rusape and Masvingo.

The associations took center stage in the mobilization of consumers for the outreach programs. 86% of which were done virtually due to the Covid-19 pandemic. Zimbabwe Electricity Transmission and Distribution Company (ZETDC) and Consumer Council of Zimbabwe (CCZ) and Residents Associations remained key stakeholders in the execution of consumer education and awareness programs.

6.7.2. Regional Consumer Education Outreaches

In 2020, a total of 29 Consumer Education and Awareness outreach programs were implemented in Bulawayo metropolitan, Mutare Metropolitan, Mutambara Mission (Chimanimani), Gweru, Harare and Chinhoyi.

About 3900 consumers, students and teachers were reached out to during the engagements whose theme 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.

6.7.3. Quarterly Stakeholder Meetings

A total of eight (8) scheduled quarterly meetings comprising of 4 with Confederation of Zimbabwe Industries and Chamber of Mines (CZI-COMZ) and another 4 with Farmers-ZETDC, were held in 2020. Further the Authority took time to attend to Stakeholder initiated conferences and workshop.

6.7.4. Consumer complaints and dispute resolution

A total of 351 complaints were handled in 2020. Of the 351 complaints 251 were from the petroleum sector whilst 100 were from the Electricity Sector. The complaints from the petroleum sector were mainly emanating from the scarcity of fuel, caused by scarcity of foreign currency which caused consumer expectations and made service delivery by licensees to be subjected to the microscope by restless consumers.



A notable case which was closed for the electricity sub-sector in 2020 was the Matobo electricity complaint. Following an outcry in Matobo District caused by a long-drawn electricity outage, the Authority engaged ZETDC Western Region and community leaders with a view to finding a lasting solution. The intervention by the Authority yielded fruits in ending an 8-month long outage which had affected 17 Government departments including 4 hospitals and various businesses. Of the 351 complaints handled in 2020, 317 were resolved resulting in a 90.31% resolved cases for 2020.

The year was characterised by focused reporting on both consumer complaints and Client and Stakeholder service charter promises performance against set standards which resulted in improved 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 improved customer care and service delivery.

6.7.5. Consumer Initiated Conferences And Networking Initiatives

A total of 29 Consumer Initiated engagements were attended by ZERA in 2020. Notable engagements were the ZNCC Business Review held in December 2020. ZERA attended all consumer-initiated engagements in order to not only cement the relationships with consumer groups, but also to understand their business strategies and operations and how they were affected by the Energy Supply Industry and the attendant regulatory policies. A stakeholder consultation workshop was held in Harare ahead of the 2021-2025 strategy workshop.



6.8 Communications and Public Affairs



A display of the ZERA electric vehicle during the Harare Agricultural Show.

6.8.1. Overview

The Authority activated all forms of public engagement with relevant alerts, media programmes and advice on energy choices available and investment opportunities in the sector. Social media platforms and radio stations emerged as the preferred forums for informative and instructional alerts while website and print media articles appealed to investors and analysts. Visits to licensed power and petroleum sites during the year fulfilled and reinforced the Authority's role of stakeholder engagement and advisory services and that of creating a level playing field.

6.8.2. National Stakeholder Satisfaction Survey

In a bid to analyse the effectiveness of the Authority's engagement initiatives, ZERA holds a stakeholder satisfaction survey across all categories from all the country's provinces to gauge the level of satisfaction with respect to the supply of electricity and petroleum products. A National Stakeholder Satisfaction and Alternative Energy Use Baseline Survey (NSSAEUBS) was carried out in 2016. The second survey was due in 2020 and detailed terms of reference were developed. The satisfaction surveys are in a fulfilment of

the Public Entities and Corporate Governance Act which compel state entities to regularly obtain feedback from the public on the quality of services and products they provide and superintend over. The national satisfaction survey was however deferred to 2021 due to travel restrictions.

6.8.3. Energy Service Providers Site Visits

Site visits to licensees were carried out during the year to gain in-depth understanding of their operations. Tours were made to Centragrid in Nyabira, Nyangani Renewable Energy's Hauna in Honde Valley and Tsanga A and B power stations in Nyanga. Other sites that were visited include Harava Solar Park in Seke, Solgas in Cross Mabale and ZZEE in Hwange. One of the recurrent issues cited as the biggest challenge by all the operating sites under construction was need to relook at the tariff which the Authority pledged to look into.

The tours also brought to fore the extent to which Covid-19 had affected the pace of development particularly at the sites under construction. Experts could not travel to conduct factory acceptance tests and site acceptance tests. However, it is envisaged that three projects will be commissioned in 2021.



The Authority officials also visited the fuel sites in Chitungwiza, Seke and surrounding areas to check on availability and supply trends. The visit confirmed that consumers were developing panic buying tendencies for speculative purposes. However, the introduction of forex auction system resolved the issue of hoarding and speculative buying of fuel.

6.8.4. Public Exhibition

Exhibition shows offer an expedient opportunity to increase awareness about the Authority and the energy sector in general. Most exhibitions were, unfortunately, cancelled during this year due to the lockdown. The Authority, however, successfully exhibited at the Harare Agricultural Show where the main attraction was the Electric Vehicle.

6.8.5. Corporate Social Responsibility

The Authority invests in the energy sector's human capital through the ZERA Undergraduate Scholarship Programme. During the year under review, eight students graduated, with two attaining first class from Harare Institute of Technology and University of Zimbabwe. Due to financial constraints, the Authority has not taken on new beneficiaries. It will continue, however, with the current ones until end of 2021.

6.8.6. Media Relations

The Authority's commendable relationship with the media has enabled continued discussion with energy consumers despite the restricted movements. Two hundred and thirty-five (235) articles focusing on fuel prices; LPG; licensing; fuel blending; solar; IPPs; power and fuel supply were flighted in the media.

Radio programmes discussing LPG handling and safety issues were aired on national stations such as Classic 263; National FM and

Power FM and on regional stations Skyz FM and Khulumani FM (Bulawayo) and Capital FM (Harare). The radio audience offered feedback that will inform the Authority's awareness initiatives going forward.

6.8.7. Corporate Communications

The Authority's corporate communication through digital media channels was also highly successful. The revamped website, which was launched in Q2 of 2020 saw an increase from 60, 000 average hits in 2019 to 216, 000 hits by end of 2020. Social media has also been effective in gaining a loyal audience. Twitter followers increased from 11 302 by end 2019 to 15 000 by end of 2020. Social media was mainly used to disseminate information about various regulatory developments as well as renewable energy and energy efficiency tips via the "Did you know?" series.

Internal stakeholders were kept apprised of developments through virtual CEO Addresses and CEO Briefs. These proved effective in ensuring that employees stay aligned to expectations and could raise pertinent issues given that most of them were working from home. Energy consumers and the public used the three toll-free and WhatsApp lines mainly to lodge complaints against sector licensees. Most complaints were about intermittent fuel supply, pricing and unresolved electrical fault complaints.

6.9. Regional Integration

The Authority successfully hosted the Regional Energy Regulators Association Annual General Meeting and Conference in Victoria Falls in February 2020. The event was attended by high level delegates from all the regional member states. The rallying call was the need to market the region as a potential investment destination for power supply given the low electrification rate in the region.



Proceedings during a ZERA stakeholder engagement workshop.





7.0 INDUSTRY PERFORMANCE MONITORING



The Authority continued monitoring both the generation, transmission and distribution sectors through reports due to the restrictions imposed by the Covid-19 pandemic.

7.1 Electricity Sub-Sector Performance

7.1.1 Overall Sources of Energy 2020

Annual energy supply shows that Kariba Power Station was the dominant energy supply source in 2020. Both Kariba and Hwange power stations decreased their output compared to 2019. The decrease was compensated by imports from HCB and DAM as well as a decrease in exports.

Table 25: 2020 Energy supply by source

Source	2020 Supply (GWh)	2019 Supply (GWh)	Difference (GWh)	Variance (%)
Kariba	3 707,0	4 095,6	- 388,6	-9%
Hwange	2 356,4	3 138,1	- 781,7	-25%
Bulawayo	24,3	51,7	- 27,4	-53%
Munyati	42,9	84,6	- 41,7	-49%
Harare	53,7	75,8	- 22,1	-29%
Nyamingura	5,2	4,0	1,2	30%
Pungwe A	10,7	8,5	2,2	26%
Duru	4,7	4,0	0,7	18%
Pungwe B	40,9	35,9	5,0	14%
Hauna	5,1	4,3	0,8	19%
Riverside	5,0	4,7	0,3	6%
Pungwe C	10,5	8,2	2,3	28%
Tsanga B	6,1	0,5	5,6	1120%
Claremont	1,7	1,6	0,1	6%
Chisumbanje	6,6	5,0	1,6	32%
Kupinga	6,6	3,3	3,3	100%
ZESCO	-	1,1	- 1,1	-100%
ESKOM	1 735,0	898,7	836,3	93%
HCB	577,2	519,8	57,4	11%
DAM Imports	61,6	235,0	- 173,4	-74%
Total Supply	8 664,8	9 180,4	- 515,6	-6%
DAM	24,3	129,9	- 105,6	-81%
Nampower Exports	330,2	331,4	- 1,2	0%
Net Supply	8 310,3	8 719,1	- 408,8	-5%

7.1.2. Analysis of ZPC Performance

The total energy sent out from ZPC owned power stations decreased by 17% from 7,412,9 GWh in 2019 to 6,184,3GWh in 2020 mainly due to prolonged units 3 and 6 outages and numerous plant breakdowns at Hwange Power station.

Table 26: ZPC Energy GWh Sent

Year	Hwange	Kariba	Harare	Munyati	Bulawayo	Total
2020 GWh	2 356,40	3 707,00	53,70	42,90	24,30	6 184,30
2019 GWh	3 138,10	4 095,60	75,80	51,70	51,70	7 412,90
% Change	-25%	-9%	-29%	-17%	-53%	-17%



The individual contributions from the generating stations is as depicted in Graph indicated in figure 10 below.

Figure 15: Contributions of Generating Stations

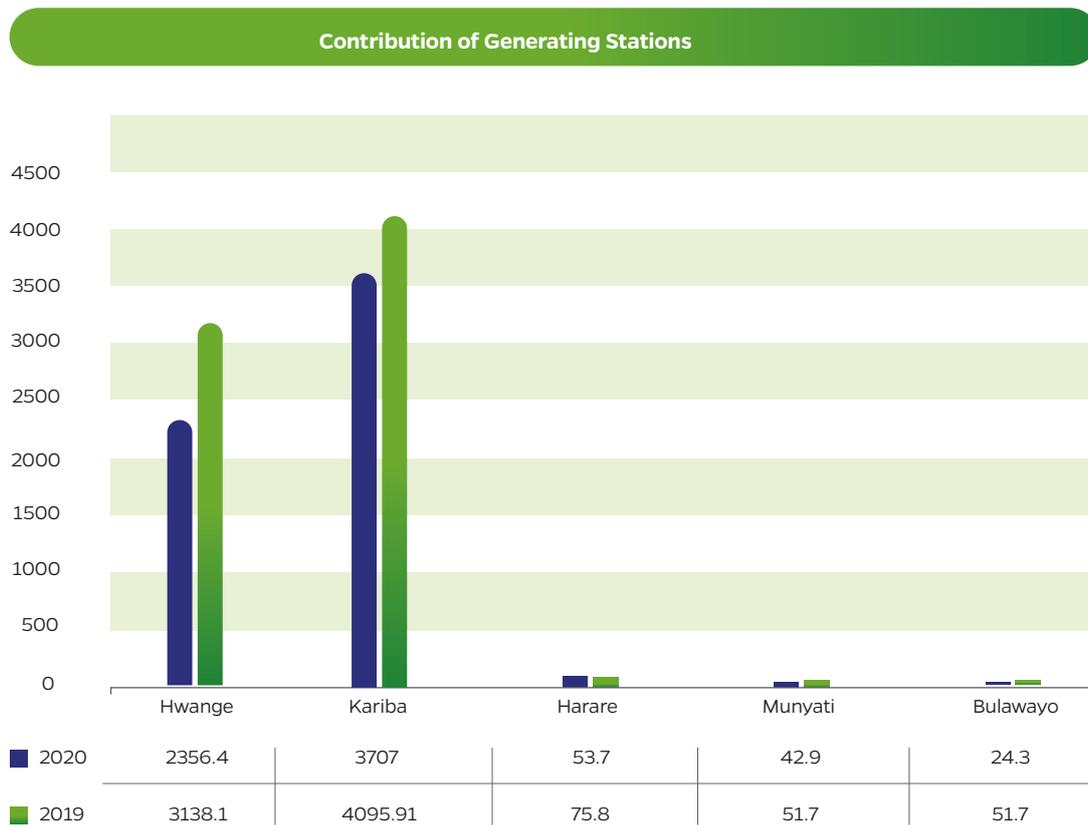


Table 27: ZPC Plant Availability Factor

Plant	2020 Actual	2019 Actual	ZERA Target	Variance	2019/2020 Variance (%)
Hwange Power Station	40,2	57	75	-46%	-29%
Small Thermals	24,83	37	70	-65%	-33%
Kariba Power Station	88,6	88	90	-2%	1%

ZPC operated with an average of three units throughout the year. Numerous forced outages, prolonged outages, boiler tube leaks and other plant breakdowns constrained plant availability. Recurring plant problems as a result of unidentified root causes remain the key issues affecting plant availability.

Table 28: ZPC Plant Efficiencies

Plant	2020 Actual	2019 Actual	ZERA Target	Variance	2019/2020 Variance (%)
Hwange Power Station	27	27	30	-10%	0%
Small thermals	14	20	20	-30%	-30%
Kariba Power Station	93.11	93.4	95	-3%	0%

Table 29: ZPC Plant Trips

Plant	2020 Actual	2019 Actual	ZERA Target	Variance	2019/2020 Variance (%)
Hwange Power Station	45	77	6	-650%	42%
Kariba Power station	6	15	3	-100%	60%
Small thermals	15	25	9	-67%	40%

A significant decrease in the number of trips was recorded at ZPC power stations in the year 2020 compared to the same period in 2019. 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 28% from 251,4 GWh in 2019 to 181 GWh in 2020 mainly due to challenges at Hippo Valley Estates and Triangle Limited. IPP production remained about 3% of the total production. Table 30 summarises the total annual production over the period 2016 through to 2020:



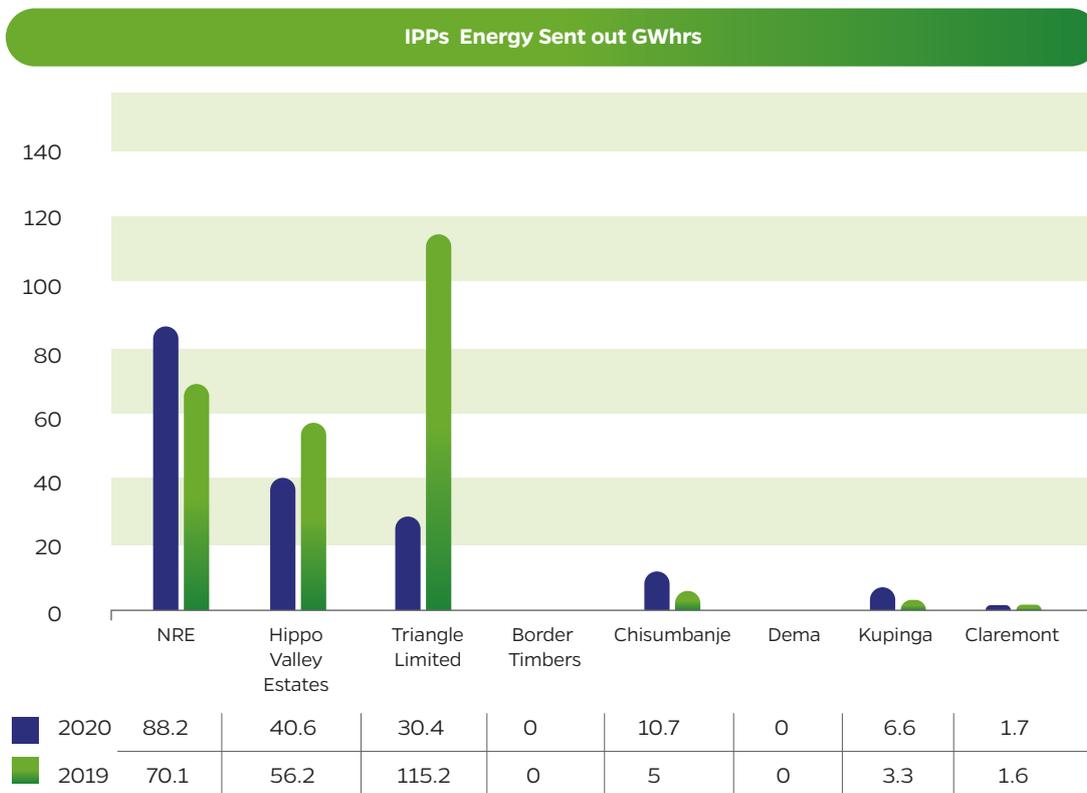
Eng. Electricity Compliance & Monitoring, J. Ncube during a power generation site tour and inspection.



Table 30: IPP Energy Production

Producer	Technology	Production (GWh)				
		2020	2019	2018	2017	2016
NRE	Mini- Hydro & Solar	88.2	70.1	112	111	69.8
Hippo Valley Estates	Biomass	40.6	56.2	63.2	0	53.1
Triangle Limited	Biomass	30.4	115.2	83.9	3.33	181
Border Timbers	Biomass	0	0	0	0	0
Chisumbanje	Biomass	10.7	5	39.5	10.8	2.72
Dema E/Peaking Power	Diesel	0	0	0,15	48.2	203
Kupinga	Mini-Hydro	6.6	3.3	13.1	7.9	-
Claremont	Mini-Hydro	1.7	1.6	1,68	0.4	-
Centergrid	Solar	2.63				
Total		181	251.4	311	182	509

Figure 17: IPPs Energy Sent Out GWhrs



7.1.4. Transmission and Distribution

7.1.4.1 Annual Energy Sales

Annual Energy sales decreased by 10.6% from 7,751 GWh in 2019 to 6,929 GWh in 2020.

Table 31: Total Energy Consumption

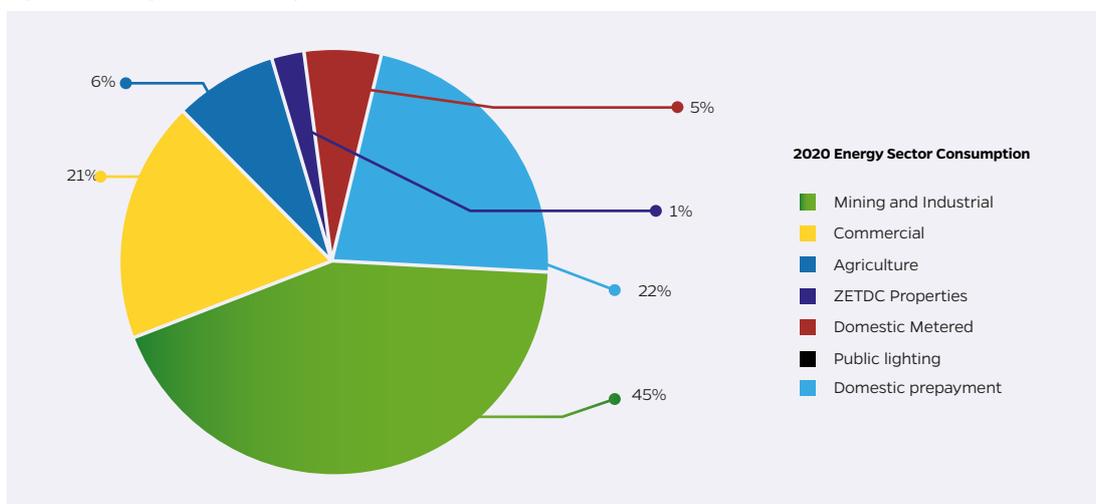
	YTD 2020 GWh	YTD 2019 GWh	YTD Variance (%)
Distribution Sales (GWh)	6,929	7,751	-10.6%

The mining and industrial sector continues to dominate as the largest consumer of energy at 44, 4% followed by the domestic sector. The reduction in domestic consumption is mainly due to demand side management interventions and increased uptake of solar PV, and also the Authority's direct interventions e.g. inefficient lighting ban and promotion of solar PV.

Table 32: Energy Consumption Per Sector

Consumption GWh	2020	Contribution	2019	2019/2020 Variance
Domestic Metered	342,6	4,9%	381.41	-10,2%
Domestic Prepayment	1,541.1	22,2%	1,604.3	-3,9%
Mining and Industrial	3,075.6	44,4%	3,684.5	-16,5%
Commercial	1,464.1	21,1%	1,603.7	-8,7%
Agriculture	434.5	6,3%	439.9	-1,2%
Public Lighting	63.4	0,9%	24.4	159,8%
ZETDC Properties	8	0,1%	12,	-35,0%
Total	6,929.3	100,0%	7,750.51	-10,6%

Fig 11: 2020 Energy Sector Consumption





7.1.4.2 System Reliability

7.1.4.2.1 Transmission

Table 33: Transmission Quality of Supply Parameters

Description	2020 Actual	2019 Actual	% Annual Change	Target	Variance Against Target (%)	
Number of Interruptions	126	125	0,8%	120	-5%	
System minutes	63	190	-201,6%	300	79%	
Average duration of interruptions (minutes) – SAIDI	79	105	-32,9%	120	34%	
Unserviced Energy (MWh)	1,82	5,39	-196,2%	7,5	76%	
Voltage excursions	492	750	-52,4%	168	-193%	
System Losses	Distribution	13.47%	11.09%	2.38%	8,00%	68.4%
	Transmission	3.15%	5.15%	-2%	4.00%	-21.25%
Total	16.62%	16.24%	0.38%	12.00%	38.5%	

a) Average System Minutes - The system recorded average system minutes of 63 in the year 2020. This translates into a positive variance of 79% relative to the target of 300 minutes.

b) SAIDI - the average duration of interruption (SAIDI) in 2020 was 79 minutes in comparison with the target of 120 minutes which gives a positive variance of 34%. The number of supply interruptions were 126 against a target of 120 giving a negative performance of 5%.

c) Transmission Unserviced Energy - in 2020 unserved energy was 1.82GWh and translates to a positive variance of 76% against a target of 7.5GWh (ZERA).

d) Voltage Excursions - There were 492 voltage

excursions outside statutory limits on the National Grid network in 2020 and this gave a negative variance of 193% against a target of 168.

e) System Losses - the 2020 overall system losses were 16.62% against 16.24% achieved in 2019, this being a 5.53% increase. The commissioning of statistical metering at critical boundaries/nodes on the transmission and distribution system will ensure more accurate loss verification.

7.1.4.2.2 Distribution

a) Distribution faults

The total faults recorded in 2020 was 120,184 against 134,526 recorded in 2019. This represents a 11% decrease in the faults recorded as indicated in Table 33.

Table 34: Distribution Quality of Service Parameters

Description	YTD 2020	YTD 2019	YTD Variance%
Number of faults	120,184	134,526	-11%
Average arrival time at a fault urban (minutes)	586	324	-81%

b) New Connections

The total number of new connections in 2020 was 17,600 this representing a 22.35% reduction over 22,665 achieved in 2019. The active customer base increased by 3% to 776,179 in 2020 up from 754,162 in 2019.

There was a 1.13% increase in the number of customers paid but unconnected at 14,482 in 2020 compared to 14,320 in 2019. Non-connection attributed to ZETDC were 99% attributed. ZETDC is failing to supply connection cables and other accessories.

Table 35: Customer Connections

Description	YTD 2020	YTD 2019	YTD Variance % 2020/19
New connections	17,600	22,665	-22.35%
Active customer base	776,179	754,162	2.92%
Customers paid but not connected	14,482	14,320	1.13%

7.1.5. Industry Related Accidents

7.1.5.1. Reported Accidents

Table 36 and 37 below summarises the accidents reported and the spread across regions.

Table 36: Accidents Reported

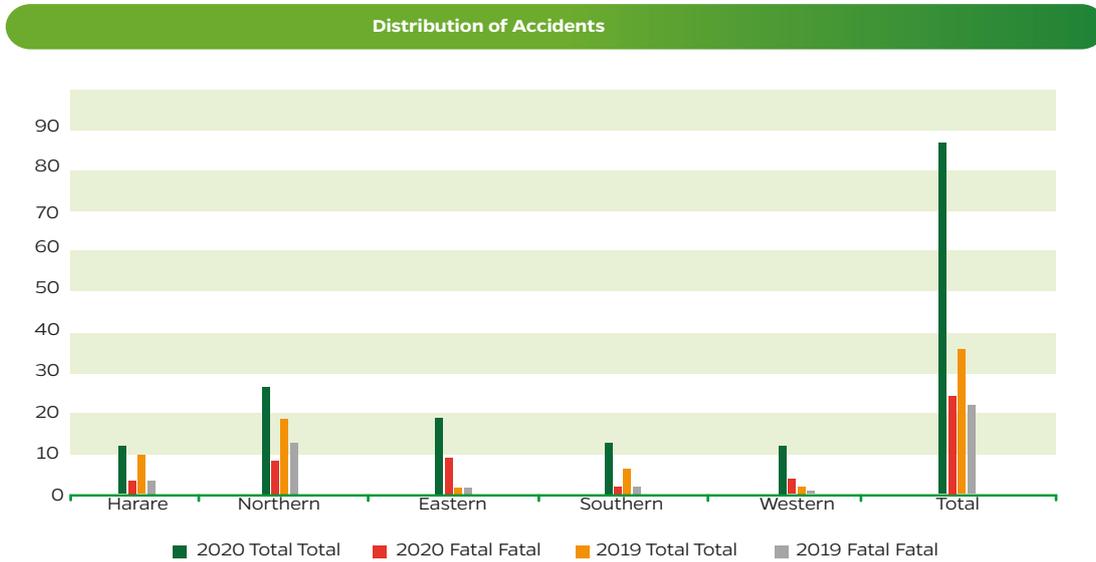
Reported Accidents	2020	2019	% Change
Total	83	38	+118.4%
Fatal (Humans)	26	22	+18.2%

Table 37: Electrical Accidents Distribution Across ZETDC Regions

	Harare	Northern	Eastern	Southern	Western	Total
2020						
Total	12	26	19	14	12	83
Fatal	3	8	8	2	5	26
2019						
Total	10	18	2	4	4	38
Fatal	3	13	2	2	2	22



Figure 12: Petroleum prices in major cities



The majority of the accidents occurred in Northern Region due to its extensive and predominantly rural farming coverage.

7.1.5.2. Investigations

Forty-two (42) fatal accident investigations involving members of the public were conducted during 2020, whilst six (6) of the fatal accidents involved theft and vandalism and these are not investigated for obvious reasons. Twenty-two (22) accidents investigations were carried over from 2019 and twenty-six (26) occurred in 2020. Therefore, out of the forty-eight fatal accidents, 42 accidents were investigated.

7.1.5.3. Accident Root Cause Analysis

The causes of the accidents in 2020 is shown in table below.

Table 38: Root Cause of Accidents

Root Cause	No.	%
Theft and Vandalism on electricity infrastructure	4	4.8
Infrastructure collapse	34	41
Unsafe operations by employees	12	14.4
Unsafe practices/operations by the public	33	39.8
Total	83	100%

Analysis of the accidents is in progress with the view to prosecute offending parties regarding infringement of the provisions of to the SI 177 of 2018 (Public Safety Regulations).

7.1.5.4. Recommendations/Course of Remedial Action

The Authority embarked on the following activities;

- a) Facilitate the development of standards for use on customer reticulation beyond the meter,
- b) Revise SI 177 for operational and administrative shortcomings obtaining,
- c) Engage ZETDC to inspect reticulation even beyond the bulk meters,
- d) Engage ZETDC to hold public safety awareness campaigns raise awareness on the dangers relating to electricity infrastructure and practices,
- e) Engage ZETDC to improve infrastructure maintenance,
- f) Engage ZETDC to check requisite qualifications of contractors prior to engagement,
- g) Engage ZETDC to advise victims or relatives of victims of electrical accidents of their rights to claim compensation.

7.2 Petroleum Sub-Sector Performance



7.2.1. Annual Fuel imports trend and analysis

Liquid fuels importation declined by 20.4% in the year 2020 compared to 2019. Challenges in availability of adequate foreign currency is cited as one of the main reasons why operators only managed to import the reported volumes. Furthermore, the incident of Covid 19

pandemic in March 2020 and the subsequent national lockdown measures imposed by Government reduced the demand of fuels. The table below shows comparisons of cumulative imports for the years 2017 to 2020.

Table 39: Comparison of liquid fuels imports, 2016 - 2020

Year and Period	Diesel (Itrs)	Petrol (Itrs)	Paraffin (Itrs)	Jet A1 (Itrs)	Total (Itrs)
Jan - Dec 2020	736,447,091	403,897,735	1,791,590	21,880,815	1,164,017,231
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	-21.4%	-11.4%	-64.9%	-65.3%	-20.4%

Note 1: The percentage difference is calculated based on the year 2019 and 2020



7.2.2. Monthly Liquid Fuels Imports

The table below displays the monthly trends of monthly importation of liquid fuels during the year 2020. Importation of Jet A1 was the most affected since most international aviation

activities were suspended due to national and international responses to curb the spread of Covid 19.

Table 40: Monthly liquid fuels imports Jan - Dec, 2020

Month	Diesel (ltrs)	Petrol (ltrs)	Paraffin (ltrs)	Jet A1 (ltrs)
January	68,320,848	41,062,082	200,000	3,101,613
February	68,289,460	29,974,267	-	4,915,551
March	76,254,024	48,705,164	658,570	4,381,869
April	34,386,332	14,778,784	52,600	858,104
May	66,632,300	44,129,502	48,905	121,164
June	54,441,193	28,217,669	40,039	329,272
July	58,909,477	36,212,944	95,060	1,196,839
August	57,536,207	32,431,025	230,256	782,753
September	69,801,392	25,480,579	170,160	1,093,462
October	54,425,821	23,955,615	140,000	2,665,519
November	67,711,098	33,968,961	60,000	2,434,669
December	59,738,938	44,981,143	96,000	4,402,196
Total	736,447,091	403,897,735	1,791,590	21,880,815

7.2.3. Ethanol production

Annual production of ethanol from the two producers was 88.9 million litres compared to 89.6 million litres produced in 2019. Triangle Limited produced more in the year 2020 compared to 2019.

Production from Green Fuel in 2020 was however lower than in 2019 levels. Table below shows the ethanol production volumes in the year 2019 and 2020.

Table 41: Ethanol Production, Jan - Dec 2019/20

Month	2019		2020	
	Green Fuel (ltrs)	Triangle (ltrs)	Green Fuel (ltrs)	Triangle (ltrs)
January	0	3,551,873	0	3,859,565
February	0	2,934,523	0	3,318,518
March	0	587,663	0	1,515,186
April	2,168,336	0	0	0
May	9,591,796	576,622	5,782,591	2,868,212
June	8,560,125	2,996,958	7,754,503	3,267,628
July	4,543,562	1,943,849	7,279,633	2,394,879
August	9,535,062	3,227,077	9,605,451	2,817,238
September	10,680,011	2,444,948	8,680,980	2,845,347
October	10,807,811	2,933,878	10,001,393	2,743,074
November	7,883,842	2,185,078	8,139,659	3,146,288
December	0	2,470,849	1,001,449	1,930,106
Total	63,770,545	25,853,318	58,245,659	30,706,041

7.2.4. Annual and Monthly LPG Imports

Imports for the year 2020 were 5% higher as compared to 2019 as the demand continued to increase. Major driver for the demand is the domestic sector where a significant number of

households are using LPG as the main fuel for cooking whilst others are still using it as a substitute to electricity.

Figure 42: Petroleum prices in major cities

Month	Year and Volume (Kg)	
	2019	2020
January	2,627,800	3,890,000
February	2,131,600	3,956,000
March	1,975,100	3,157,000
April	2,108,480	3,286,000
May	3,623,950	1,962,000
June	2,861,060	2,951,000
July	2,944,240	3,282,000
August	3,293,000	3,231,000
September	3,493,700	3,471,000
October	4,188,000	3,211,000
November	4,055,000	3,331,000
December	3,801,100	3,231,000
Total	37,103,030	38,959,000

7.2.5. Petroleum products sales

Table 43 below shows the sales of liquid fuels in the period January to December 2020.

Table 43: Petroleum Sales, Jan – Dec 2020

Month	Diesel (ltrs)	Petrol (ltrs)	Paraffin (ltrs)	Jet A1(kgs)
January	77,859,016	40,004,819	195,555	3,651,432
February	62,744,913	36,317,568	30,300	5,585,836
March	79,962,132	41,486,981	1,229,091	4,381,869
April	40,782,801	21,241,866	178,127	1,207,610
May	57,314,673	33,095,202	162,100	1,578,230
June	54,787,010	28,847,617	194,153	1,534,877
July	54,799,750	25,542,951	97,297	2,022,529
August	60,758,852	37,349,415	154,336	1,695,056
September	58,332,142	27,411,276	451,368	1,832,936
October	61,209,645	35,517,930	224,561	1,776,642
November	61,180,530	37,867,909	44,370	2,171,296
December	65,778,845	54,147,861	160,246	4,033,356
Total	735,510,309	418,831,395	3,121,504	31,471,669



7.2.6. Petroleum Products Sales by Economic Sector

Table 44 below shows the percentage sales of the petroleum products by economic sectors. The data shows that most of the sales of diesel and petrol are distributed through retail sites where it is consumed by the motoring public.

Table 44: Petroleum Products Sales by Economic Sector

Sector	Percentage	Sector	Percentage
Retail	33.60	Retail	63.61
Commercial	23.95	Commercial	13.66
PS and NGO	1.70	PS and NGO	5.55
Agriculture	9.55	Agriculture	2.13
Mining	4.67	Mining	1.05
Construction	0.72	Construction	0.04
Domestic	0.64	Domestic	0.01
Food	0.41	Food	0.82
Fishing	0.06	Fishing	0.01
Manufacturing	1.21	Manufacturing	0.50
Transport	9.92	Transport	3.47
OMC	3.89	OMC	6.65
Own Use Volume	9.68	Own Use Volume	2.48
Total	100		100.00

7.2.7. Petroleum products sale by geographic region

Table 45 below shows the percentage sales of the petroleum products by geographic region. Harare and Bulawayo dominate regional fuel comparison figures because of higher numbers of fuel sites in the two cities.

Table 45: Petroleum Products Sales by Geographic Region

Province	Diesel	Blend	Paraffin
Harare	47.20	49.56	60.1
Bulawayo	7.98	10.99	12.4
Manicaland	10.54	10.18	6.32
Mash Central	6.05	6.25	5.5
Mash East	3.70	3.33	4.3
Mash West	5.73	4.12	2.26
Mat North	6.23	3.63	2.12
Mat South	2.32	1.27	2.04
Midlands	7.84	7.44	2.54
Masvingo	2.41	3.23	2.42
Total	100	100	100

8.0 FINANCIAL STATEMENTS



**AUDITED FINANCIAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2020**



GENERAL INFORMATION

Country of Incorporation and domicile	Zimbabwe
Nature of business and principal activities	Regulation of the Energy Sector in Zimbabwe
Board Members- Non-Executive	<p>Dr. D. Madzikanda (Chairperson) Eng.F. Mavhiya-Bhiza (Vice Chairperson) Mrs.T. Madzivire Mr.T. K. Ncube Mr. M. Kambarami Dr. S. Ziuku Ms.S. Rufu Mrs.G. Chikwava</p>
Board Members - Executive	<p>Mr. E.T. Mazambani- Chief Executive Officer</p> <p>The term of office of ZERA second board chaired by Dr. E. Khosa ended on the 12th of December 2020.</p>
Management	<p>Mr. E.T. Mazambani- Chief Executive Officer Eng.M. Siyakatshana - Technical Director Mr.N. Ranga - Acting Finance and Administration Director Ms. J. Mupamhanga- Corporate Secretary Mr. L. Nechitoro - Senior Manager Economic Regulation Mrs.C. Machimbidzofa- Senior Manager Monitoring and Evaluation Mrs. R. Musiyiwa- Head Internal Audit</p>
Business office	<p>14th Floor Century Towers 45 Samora Machel Avenue Harare Zimbabwe</p>
Main Bankers	<p>ZB Bank Limited 4th& 5th Floors ZB House Cnr Speke Avenue/First Street Harare</p> <p>Stanbic Bank 59 Samora Machel Avenue Harare</p>
Auditors	<p>Baker Tilly Chartered Accountants (Zimbabwe) Celestial Office Park, Unit D & H Block 1, Borrowdale Road, Borrowdale Harare</p>
Secretary	Ms. J. Mupamhanga

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

The directors 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 content and integrity 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 Zimbabwe Energy Regulatory Authority (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 external auditors are engaged to express an independent opinion on the financial statements.

The financial statements are prepared in accordance with International Financial Reporting Standards except as indicated in the Auditors report Basis for Adverse Opinion and are based upon appropriate accounting policies consistently applied and 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 board of directors sets 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.

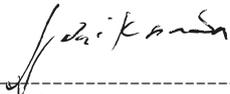
The directors are of the opinion, based on the information and explanations given by management that the system of internal controls provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control 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 2021 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 responsible for independently reviewing and reporting on ZERA's financial statements. The financial statements have been examined by ZERA's external auditors and their report is presented on pages 73 to 77.

The financial statements set out on pages 78 to 81 which have been prepared on the going concern basis, were approved by the board of directors on 10 June 2021 and were signed on its behalf by:

Approval of financial statements



Dr. D. Madzikanda
Board Chairperson



Mr. E. T. Mazambani
Chief Executive Officer

Preparer of the financial statements

The financial statements were prepared under the supervision of Mr. N. Ranga, a registered Public Accountant Zimbabwe (Reg number 0549).



Mr. N. Ranga
Acting Finance and Administration Director

Independent Auditors Report

To the Members of Zimbabwe Energy Regulatory Authority (“ZERA”)

Report On The Audit Of The Inflation Adjusted Financial Statements

Opinion

We have audited the financial statements of Zimbabwe Energy Regulatory Authority (“ZERA or the Authority”) set out on pages 78 to 99, which comprise the inflation adjusted statement of financial position as at 31 December 2020, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, because of the significance of the matter described in the Basis for Adverse Opinion section of our report, the financial statements do not present fairly the financial position of the Zimbabwe Energy Regulatory Authority as at 31 December 2020, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Energy Regulatory Authority Act [Chapter 13:23].

Basis For Adverse Opinion

Impact of prior year Non-Compliance with International Accounting Standard IAS 21 – The Effect of Changes in Foreign Exchange Rates

For the financial year ended 31 December 2019 an adverse opinion was issued due to the non-compliance with the requirements of IAS 21 – The effect of changes in Foreign exchange rates. Zimbabwe Energy Regulatory Authority elected to comply with the requirements of Statutory Instrument 33 of 2019 (SI 33/99) which was issued on 22 February 2019. The entity was guided by Statutory Instrument 41 of

2019 (SI 41/19) which states that in the case of inconsistency between local pronouncement and any international standard, the local pronouncement shall take precedence.

The opening balances for the 31 December 2020 financial year had a co-mingling of currencies and were affected by the following prior period events:

- During the period 1 January 2019 to 21 February 2019 the financial statements of the entity included balances and transactions denominated in US\$ that were converted to local currency (ZWL) using an exchange rate of 1:1 in compliance with Statutory Instrument 33 of 2019 (SI 33/19). We believe that the economic substance of transactions in the market indicated a different rate between the two currencies throughout this period despite the legal 1:1 ZWL: USD exchange rate. The use of the 1:1 exchange rate thereby constituted a departure from the requirements of IAS 21 – The effect of changes in Foreign exchange rates.
- On 22 February 2019, the entity changed its functional currency from USD to local currency, all balances that were previously denominated in USD were translated into local currency using an exchange rate of 1:1 in compliance with SI 33/19. This constituted a material departure from the requirements of IAS 21 which requires the use of market exchange rates when translating figures from one currency to another.
- Figures that were previously reported as USD prior to 1 January 2019 were converted to the local reporting currency (ZWL) from the previous reporting currency (USD) at a rate of 1:1. The exchange rate used did not represent the true market exchange rate that existed in comparative year in terms of IAS 21.

The effects of misstatements due to non-compliance with IAS 21 on prior year financial statements and opening balances cannot be quantified.



Emphasis Of Matter

Covid - 19 Pandemic

We draw attention to Note 25 of the inflation adjusted financial statements which brings attention to the users of financial statements, the impact of the Covid-19 pandemic. There are uncertainties in relation to possible effects and impacts of the Covid-19 pandemic to the entity's operations in future and its ability to continue as a going concern. Our audit opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that,

in our professional judgment were of the most significance in our audit of the financial statements of the current period and which are not materially impacted by the matter described in the Basis for Adverse Opinion section.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our adverse opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Basis for Adverse Opinion section we determined the matters below to be key audit matters to communicate in our report.

Key audit matters

Key audit matter	How our audit addressed the key audit matter
Valuation of Property, Plant and Equipment and Investment Property (High Risk)	
<p>ZERA revalued its property, plant and equipment at the end of the year to correctly show the value of various items of property, plant and equipment as well as investment properties.</p> <ul style="list-style-type: none"> • 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 property, plant and equipment in the Zimbabwean market. Because of the significance of these issues, valuation of property, plant and equipment was considered a key audit matter for the audit of ZERA. 	<p>Our procedures encompassed the following;</p> <ul style="list-style-type: none"> • Review the work of an expert as required by International Standards on Auditing (ISA 620) by assessing qualifications and experience in valuation of property, plant 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 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.

Key audit matters

Key audit matter	How our audit addressed the key audit matter
Hyperinflation Accounting (High risk area and significant judgement)	
<p>Following Public Accountants and Auditors Board (“PAAB”) designation of Zimbabwe as hyperinflationary economy, the Authority applied the IAS 29 – Financial Reporting in Hyperinflationary Economies. Hyperinflationary accounting was determined to be a matter of most significance to the audit due to the complexity and subjectivity relating to the application of the Standard. IAS 29 requires significant judgments to be made by management considering the guidelines provided in the standard.</p>	<p>We obtained an understanding of the Authority’s process for identifying hyperinflationary economies and evaluated the policy in relation to hyperinflation accounting. Our audit procedures included, among others:</p> <ul style="list-style-type: none"> · We assessed and tested the indicators of hyperinflation on the Zimbabwean economy by corroborating these with industry reports and our own understanding of the economy; · We recomputed and tested the hyperinflation workings prepared by management by evaluating the rationale for the economic indicators included (such as the inflation rate, cumulative inflation rate, consumer price indices from various sources). · We tested the source data used by agreeing it to supporting schedules. · We assessed the reasonability of the assumptions used by comparing these to externally available industry, financial and economic data; and; · We tested restatement of the statement of financial position and income statement items for correct restatement in terms of IAS 29. · We assessed whether disclosures in the financial statements appropriately reflected the effects of the adoption of IAS 29. <p>We found that the inflation adjusted financial statements have been properly restated in terms of IAS 29.</p>

Other Information

The Directors are responsible for the other information. The other information comprises of the Director’s Report. Other information does not include the financial statements and our auditors’ report thereon.

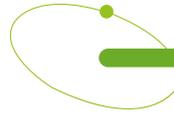
Our opinion on the financial statements does not cover the other information and we do not express an opinion or any other form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the

other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in 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 of this other information, we are required to report that fact.

Responsibilities Of The Directors For The Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International



Financial Reporting Standards and, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the organization or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities For The Audit Of The Financial Statements.

Our objectives 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 International Standards on Auditing 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.

We conducted our audit in accordance with International Standards on Auditing (ISAs). We are independent of the Organisation in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), together with the ethical requirements that are relevant to our audit of the financial statements in Zimbabwe, and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. As part of an audit in accordance with International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout 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 organization'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 organization'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 our auditor's report. However, future events or conditions may cause the organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.



From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstance, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonable be expected to outweigh the public interest benefits of such communication.

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)
Celestial Office Park, Unit D & H Block, Borrowdale Road, Borrowdale
Harare

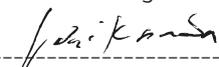
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Statement of Financial Position

	Note(s)	Inflation Adjusted 2020 ZWLs	Inflation Adjusted 2019 ZWLs	Historical Cost 2020 ZWLs	Historical Cost 2019 ZWLs
Assets					
Non-current assets					
Property, plant and equipment	3	249,316,354	243,419,175	249,316,354	54,261,474
Right of use asset	4	3,469,147	17,104,429	787,818	474,999
Intangible assets	5	673,429	1,166,275	34,247	56,421
Investment Property	6	24,600,001	22,430,203	24,600,001	5,000,000
		278,058,931	284,120,082	274,738,420	59,792,894
Current Assets					
Deferred VAT asset	11	-	1,043,224	-	232,549
Inventory	7	454,988	795,446	454,988	177,316
Trade and other receivables	8	111,067,049	101,351,993	110,305,173	21,565,103
Cash and cash equivalents	9	16,208,541	13,965,659	16,208,541	3,113,137
		127,730,578	117,156,322	126,968,702	25,088,105
Total Assets		405,789,509	401,276,404	401,707,122	84,881,999
Equity and liabilities					
Equity					
Reserves		(125,955,732)	(132,053,500)	213,068,029	28,996,970
Retained income		111,067,049	396,589,567	76,559,438	26,396,541
Total Equity		266,293,828	264,536,067	289,627,467	55,393,511
Liabilities					
Long term liability					
Deferred VAT liability	11	35,733,933	-	35,733,993	-
Current liabilities					
Trade and other payables	10	97,571,830	130,905,321	70,155,804	28,186,783
Current portion of deferred VAT liability	11	5,161,942	3,426,245	5,161,942	763,757
Lease liability	12	1,027,916	2,396,784	1,027,916	534,276
Withholding tax liabilities		-	11,987	-	2,672
Total current liabilities		103,761,688	136,740,337	76,345,662	29,487,488
Total liabilities		139,495,681	136,740,337	112,079,655	29,487,488
Total equity and liabilities		405,789,509	401,276,404	401,707,122	84,881,000

The financial statements and the notes on pages 78 to 99 were approved by the board of directors on 10 June 2021 and were signed on its behalf by:



 Dr. D. Madzikanda
 Board Chairperson



 Mr. N. Ranga
 Acting Finance and Administration Director



 Mr. E.T. Mazambani
 Chief Executive Officer

Statement of Profit or Loss and Other Comprehensive Income

	Note(s)	Inflation Adjusted 2020 ZWLS	Inflation Adjusted 2019 ZWLS	Historical Cost 2020 ZWLS	Historical Cost 2019 ZWLS
Income	13	611,876,150	326,992,354	458,103,828	35,897,092
Other income	14	3,924,847	12,488,779	20,578,882	4,946,730
Operating expenses	15	(545,396,192)	(341,738,002)	(428,519,813)	(36,966,292)
Monetary gain/(loss)		(74,744,812)	(228,668,009)	-	-
Operating (loss)/surplus for the year		(4,340,007)	(230,924,878)	50,162,897	3,877,531
(Deficit)/Surplus for the year		(4,340,007)	(230,924,878)	50,162,897	3,877,531
Other Comprehensive Income					
Revaluation surplus/(loss)		6,097,768	(154,202,895)	184,071,059	28,202,116
Total comprehensive income/(loss)		1,757,761	(385,127,773)	234,233,956	32,079,647
Total Comprehensive Income/(loss) attributable to:					
ZERA		1,757,761	(385,127,773)	234,233,956	32,079,647
Rural Electrification Fund	16	-	-	-	-
		1,757,761	(385,127,773)	234,233,956	32,079,647



Statement of Changes in Equity

	Non Distributable Reserve ZWL\$	Revaluation Reserve ZWL\$	Total reserves ZWL\$	Retained Income ZWL\$	Total equity ZWL\$
Inflation Adjusted					
Balance at 01 January 2019	22,149,395	-	22,149,395	627,514,445	649,663,840
Deficit for the year	-	-	-	(230,924,878)	(230,924,878)
Revaluation deficit	-	(154,202,895)	(154,202,895)	-	(154,202,895)
Total changes	-	(154,202,895)	(154,202,895)	(230,924,878)	(385,127,773)
Balance at 31 December 2019	22,149,395	(154,202,895)	(132,053,500)	396,589,567	264,536,067
Deficit for the year	-	-	-	(4,340,007)	(4,340,007)
Revaluation surplus	-	6,097,768	6,097,768	-	6,097,768
Total Change	-	6,097,768	6,097,768	(4,340,007)	1,757,761
Balance at 31 December 2020	22,149,395	(148,105,127)	(125,955,732)	392,249,560	266,293,828
Historical Cost					
Balance at 01 January 2019	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 Changes	-	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
Balance at 01 January 2019	794,854	28,202,116	28,996,970	26,396,541	55,393,511
Surplus for the year	-	-	-	50,162,897	50,162,897
Revaluation surplus	-	184,071,059	184,071,059	-	184,071,059
Total comprehensive income for the year	-	184,071,059	184,071,059	50,162,897	234,233,956
Balance at 31 December 2020	794,854	212,273,175	213,068,029	76,559,438	289,627,467

Statement of Cash Flows

	Note(s)	Inflation Adjusted 2020 ZWL\$	Inflation Adjusted 2019 ZWL\$	Historical Cost 2020 ZWL\$	Historical Cost 2019 ZWL\$
Cashflow from operating activities					
Surplus/(Deficit) for the year		(4,340,007)	(230,924,878)	50,162,897	3,877,531
Adjustment for:					
Depreciation		34,944,676	9,093,752	9,679,642	877,584
Loss on Asset disposal or assets scrapped		115,089	287,654	89,698	172,288
		(197,790)	(828,146)	(125,785)	(43,605)
Interest received		(2,169,798)	(8,775,866)	(19,600,001)	(4,510,000)
Fair value adjustment		-	-	2,604,231	-
Other non cash adjustment					
Operating Income before working capital changes		28,352,170	(231,147,484)	42,810,683	373,799
Working Capital Movements					
Increase /(decrease) in payables		(33,333,491)	31,419,937	41,969,021	24,616,647
(Increase)/decrease in receivables		(9,715,056)	356,302,030	(88,740,070)	(5,141,714)
(Increase)/decrease in inventory		340,458	2,875,731	(277,672)	(45,571)
VAT and withholding tax liability		38,500,928	(5,623,795)	40,362,056	246,117
Sub total		(4,207,161)	384,973,903	(6,686,665)	19,675,479
Cash generated from operating activities		24,145,009	153,826,419	36,124,017	20,049,278
Finance Costs					
Interest received		197,790	828,146	125,785	43,605
Net financing costs		197,790	828,146	125,785	43,605
Cash flow from operations		24,342,799	154,654,565	36,249,802	20,092,883
Investing Activities					
Purchase of tangible non current assets		(65,136,586)	(237,616,433)	(28,576,481)	(20,051,223)
Change in right of Use Asset				(4,410,996)	(823,249)
Proceeds from sale of assets		44,405,536	552,819	9,339,439	24,233
Purchase of intangible assets		-	(233,516)	-	(44,661)
Net cashflow from Investing		(20,731,050)	(237,297,130)	(23,648,038)	(20,894,899)
Net cash inflow/(outflow) before financing		3,611,749	(82,642,565)	12,601,765	(802,016)
Financing activities					
Lease liability		(1,368,867)	2,396,784	493,640	534,276
Net cash inflow/(outflow) from financing		(1,368,867)	2,396,784	493,640	534,276
Increase /(decrease) in cash and cash equivalents		2,242,882	(80,245,781)	13,095,404	(267,740)
Cash and cash equivalent at beginning of year		13,965,659	94,211,440	3,113,137	3,380,877
Cash and cash equivalents at end of year	9	16,208,541	13,965,659	16,208,541	3,113,137
Represented by:					
Cash and bank balances		16,208,541	13,965,659	16,208,541	3,113,137
Cash and cash equivalents at end of year	9	16,208,541	13,965,659	16,208,541	3,113,137



Accounting Policies

1. Reporting Entity Nature of Business

ZERA is a parastatal established by an Act of Parliament, the Energy Regulatory Authority Act (Chapter 13:23) and is wholly owned by the Government of Zimbabwe. The mandate of ZERA is to regulate the energy industry.

2. Basis of Preparation

These financial statements for the year ended 31 December 2020 have been prepared on the going concern basis 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 the effects of Statutory Instrument(SI) 33 of 2019 issued in the prior year which prescribed an accounting treatment which was inconsistent with the requirements of IAS 21- Effects of changes in foreign exchange rates. The Government issued SI 41 of 2019 which prescribed that where IFRS are not aligned to local laws, the local laws take precedence. Therefore, the effect of non-compliance with the requirements of IAS 21 in the prior year had a carry forward effect on current year opening balances. Accordingly, it was impractical to comply with the full requirements of International Financial Reporting Standards which is the Authority’s reporting framework. The Authority’s financial statements have been prepared on both hyper-inflation and historic cost convention unless otherwise stated in the accounting policies and incorporates the principal policies set out below. The financial statements have been prepared on the historic cost convention, unless otherwise stated in the accounting policies which follow and incorporate the principal accounting policies set out below. They are presented in Zimbabwe Dollars, which is the organization’s functional currency.

The financial statements are based on statutory records that are maintained under the historical cost convention. Appropriate adjustments and reclassifications including restatement of changes in the general purchasing power of the Zimbabwean dollar for the purpose of fair presentation in compliance with International Accounting Standard 29, have been made in these financial statements to the historical cost financial information. Accordingly, the inflation adjusted financial statements represent the primary financial statements of the organisation. The historical cost financial statements have been provided by way of supplementary information.

International Accounting Standard 29 “Financial reporting in Hyperinflationary Economies” requires that the financial statements that are prepared in the currency of a hyperinflationary economy be stated in terms of the measuring unit current at the balance sheet date, and that corresponding figures for previous periods be restated in the same terms.

One characteristic that necessitates the application of IAS 29, is that cumulative inflation over a three-year period should be approaching or exceeding 100%. The fact has been fulfilled in the situation of Zimbabwe. The conversion factors used to restate these financial statements are based on the consumer price indices published by the Reserve Bank of Zimbabwe. The indices and conversion factors used to restate the organisation’s financial statements at 31 December 2020 are given below:

The main procedures applied for the above mentioned restatements are as follows:

Financial statements prepared in the currency of a hyperinflationary economy are restated in terms of the measuring unit current at the balance sheet date, and corresponding figures for the period are restated in the same terms.

Monetary assets and liabilities that are carried at amounts current at the balance sheet date are not restated because they are already expressed in terms of the monetary unit current at the balance sheet date.

Non-monetary assets and liabilities that are

Dates	Indices	Conversion factor
31 Dec 2020	2474.5	1
31 Dec 2019	551.6	4.4860
31 Dec 2018	88.8	27.8660

Accounting Policies (continued)

not carried at amounts current at balance sheet date and components of shareholders' equity are restated by applying the relevant quarterly conversion factors.

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to Zimbabwe dollars at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities denominated in foreign currencies, which are stated at historical cost, are translated into Zimbabwean dollars at the foreign exchange rate ruling at the date of the transaction.

Comparative financial statements are restated using general inflation indices in terms of the measuring unit, current at the latest balance sheet date.

All items in the income statement are restated by applying the relevant month, yearly average or year-end conversion factor.

The effects of inflation on the net monetary position of the organisation are included in the income statement as a monetary gain/(loss) adjustment (IAS 29.9).

2.1 Reporting Period

The entity has prepared the financial statements for the year ended 31 December 2020.

2.2 Presentation and Functional 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 2020.

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).

2.3 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. The 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 include the following:

2.3.1 Investment Property Fair Value

ZERA engages professional valuers to estimate the fair value of its investment property. Based on these estimates, adjustments are made to the carrying value of the related assets. For the year ended 31 December 2020, Crusader Real Estate was engaged to determine the fair value.

2.3.2 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 past experience and technology changes. The depreciation rates are set out in note 2.8.

The residual values for the year were assessed and have been noted as adequate. The value for this year has been assessed as \$Nil (2019 \$ Nil).



Accounting Policies (continued)

2.4 New Standards

The organisation did not adopt new standard in the current year.

The following standards were adopted in the preceding year and the organisation continued with application in the current year.

- IFRS 15- Revenue from contracts with customers
- IFRS 9- Financial Instruments
- IFRS 16- Leases

2.5 Revenue Recognition

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

2.5.1 Electricity Annual Levies

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

2.5.2 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 the applicable regulation promulgated through statutory instrument.

2.5.3 License Fees

Electricity License fees are charged to new companies who are into the generation, transmission and distributing companies in terms of the applicable regulation promulgated through statutory instrument.

Liquefied petroleum gas (LPG) license fees are charged in terms of fees promulgated through statutory instrument.

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

2.5.4 Interest Received

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

2.6 Property, Plant and Equipment

The cost of an item of property and equipment is recognised as an asset when:

- it is probable that future economic benefits associated with the item will flow to the company.
- the cost of the item can be measured reliably.

Property, plant, and equipment is initially measured at cost.

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 cost less accumulated depreciation and any impairment losses. 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:

Depreciation commences when the asset is

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 and equipment	33.3%-50%

ready for intended use 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

Accounting Policies (continued)

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 derecognized. 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.

Impairment of Assets Assessment

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 recognized in the statement of comprehensive income whenever the carrying amount of an asset exceeds its recoverable amount.

2.7 Investment Property

Investment property is initially recognized at cost and subsequently measured at fair value at every Statement of Financial Position date.

2.8 Intangible Assets

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

Item	Amortization 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 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.

2.11 Corporate Tax

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

2.12 Inventory

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

2.13 Foreign Currency Transactions

Transactions in foreign currency are translated into United States dollars at rates of exchange prevailing at date of transaction. At each statement of financial position date, monetary assets and liabilities that are dominated in foreign currencies are translated at the rates prevailing on the statement of financial position date. Gains and losses arising on exchange are included in the statement of comprehensive income for the period.

2.14 Financial Instruments

Classification

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



Accounting Policies (continued)

- Financial assets at fair value through profit or loss – designated.
- Loans and receivables.
- Financial liabilities measured at amortized 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 recognized 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 amortized 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 recognized in profit or loss - is removed from equity as a reclassification adjustment to other comprehensive income and recognized in profit or loss. Impairment losses are recognized 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 recognized, 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 recognized. Reversals of impairment losses are recognized 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 recognized 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 amortized cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are

Accounting Policies (continued)

recognized 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 reorganization, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The allowance recognized 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 through the use of an allowance account, and the amount of the loss is recognized 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.

2.15 Leases

The Authority accounts for leases in line with IFRS 16 principles. The Authority recognize right-of-use assets and lease liabilities in the Statement of Financial Position, initially measured at the present value of the future lease payments. Depreciation of right-of-use assets and interest on lease liabilities for the reporting period is recorded in profit or loss. The Authority separates 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.

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 recognize a lease expense on a straight-line basis as permitted by IFRS 16 through the profit or loss.

2.16 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 are classified under long term liability as Deferred VAT liability in the Statement of Financial Position. However, there is no obligation to settle it 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.



Zimbabwe Energy Regulatory Authority
Financial Statements for the year ended 31 December 2020.

Notes To Financial Statements

3. Property and Equipment

Inflation Adjusted
Property and Equipment

	2020			2019		
	Cost or Revaluation	Accumulated Depreciation	Carrying Value	Cost or Revaluation	Accumulated Depreciation	Carrying Value
Furniture and fixtures	11,500,104	-	11,500,104	9,444,745	-	9,444,745
IT Equipment	7,836,100	-	7,836,100	9,955,111	-	9,955,111
Land	57,400,000	-	57,400,000	35,888,325	-	35,888,325
Library books	-	-	-	203,039	-	203,039
Motor vehicles	56,508,000	-	56,508,000	50,770,907	-	50,770,907
Office equipment	547,254	-	547,254	544,508	-	544,508
Office partitions	2,134,164	-	2,134,164	1,959,518	-	1,959,518
Other assets	14,990,731	-	14,990,731	13,529,926	-	13,529,926
W.I.P building	98,400,001	-	98,400,001	121,123,097	-	121,123,097
Total	249,316,354	-	249,316,354	243,419,175	-	243,419,175

Reconciliation of Property and equipment -2020

Inflation Adjusted 2020	Opening Balance	Additions	Revaluation	Disposals	Derecognition	Depreciation	Total
Furniture and fixtures	9,444,745	297,600	3,694,771	-	-	(1,937,012)	11,500,104
IT Equipment	9,955,111	3,532,004	(3,163,658)	(317,254)	-	(2,170,102)	7,836,100
Land	35,888,325	-	21,511,675	-	-	-	57,400,000
Library books	203,039	-	(0)	(203,039)	-	-	-
Motor vehicles	50,770,907	17,543,106	(2,662,439)	(1,464,960)	-	(7,678,614)	56,508,000
Office equipment	544,508	189,210	58,109	-	-	(244,573)	547,254
Office partitions	1,959,518	-	253,027	-	-	(78,381)	2,134,164
Other assets	13,529,926	956,958	7,105,517	(2,170,169)	-	(4,431,501)	14,990,731
W.I.P building	121,123,097	38,206,715	(20,699,234)	-	(40,230,577)	-	98,400,001
Total	243,419,175	60,725,590	6,097,768	(4,155,422)	(40,230,577)	(16,540,183)	249,316,354

Reconciliation of Property and equipment -2019

Inflation Adjusted 2020	Opening Balance	Additions	Revaluation	Disposals	Derecognition	Depreciation	Total
Furniture and fixtures	5,683,455	695,368	3,704,976	-	-	(639,054)	9,444,745
IT Equipment	3,614,479	4,279,131	3,382,838	(11,323)	-	(1,310,014)	9,955,111
Land	14,245,790	-	21,642,535	-	-	-	35,888,325
Library books	26,001	-	186,512	(1,673)	-	(7,801)	203,039
Motor vehicles	8,495,596	9,471,458	35,281,395	(487,256)	-	(1,990,286)	50,770,907
Office equipment	198,916	-	393,009	-	-	(47,417)	544,508
Office partitions	2,175,425	-	(142,620)	(30,981)	-	(42,308)	1,959,518
Other assets	2,299,195	4,866,901	7,763,111	(309,254)	-	(1,090,027)	13,529,926
W.I.P building	149,947,231	197,590,530	(226,414,664)	-	-	-	121,123,097
Total	186,686,088	216,903,388	(154,202,908)	(840,487)	-	(5,126,907)	243,419,175

Zimbabwe Energy Regulatory Authority
Financial Statements for the year ended 31 December 2020.

Notes To Financial Statements (Continued)

Assets were revalued on 31 December 2020 by a qualified independent valuer, Crusader Real Estate Consultancy P/L, using the open market value as the basis to determine the fair value of the Property, Plant and Equipment. This was the second revaluation done since purchase of the PPE, so as to enable the Authority to correctly show the value of the respective asset in this inflationary environment. The net replacement value was used in determining the Fair Value (FV) of Property, Plant and Equipment. The directors certify that there are no restrictions on

the title and the Property, Plant and Equipment has not been pledged against any liability of the Authority. A total of ZWL 8,967,948 was recognized on assets under construction in 2019 using proforma invoices for purposes of disclosure and the actual payment was made in 2020 based on the invoices for work done, hence the actual invoice amount was capitalized in 2020, thus resulting to a derecognition of the 2019 capitalized figure to reflect the correct value of the assets under construction.

**Historical Cost
Property and Equipment**

	2020			2019		
	Cost or Revaluation	Accumulated Depreciation	Carrying Value	Cost or Revaluation	Accumulated Depreciation	Carrying Value
Furniture and fixtures	11,500,104	-	11,500,104	2,105,364	-	2,105,364
IT Equipment	7,836,100	-	7,836,100	2,219,131	-	2,219,131
Land	57,400,000	-	57,400,000	8,000,000	-	8,000,000
Library books	-	-	-	11,317,533	-	11,317,533
Motor vehicles	56,508,000	-	56,508,000	121,376	-	121,376
Office equipment	547,254	-	547,254	436,804	-	436,804
Office partitions	2,134,164	-	2,134,164	3,016,006	-	3,016,006
Other assets	14,990,731	-	14,990,731	27,000,000	-	27,000,000
W.I.P building	98,400,001	-	98,400,001	-	-	-
Total	249,316,354	-	249,316,354	54,261,475	-	54,261,475

Reconciliation of Property and equipment -2020

Historical Cost 2020	Opening Balance	Additions	Revaluation	Disposals	Derecognition	Depreciation	Total
Furniture and fixtures	2,105,364	76,990	9,751,655	-	-	(433,904)	11,500,104
IT Equipment	2,219,131	2,162,891	4,170,539	(11,385)	-	(705,075)	7,836,100
Land	8,000,000	-	49,400,000	-	-	-	57,400,000
Library books	45,261	-	-	(45,261)	-	-	-
Motor vehicles	11,317,533	15,618,673	32,926,030	(326,560)	-	(3,027,676)	56,508,000
Office equipment	121,376	-	466,337	-	-	(40,459)	547,254
Office partitions	436,804	-	1,714,832	-	-	(17,472)	2,134,164
Other assets	3,016,006	833,742	12,396,490	(77,879)	-	(1,177,628)	14,990,731
W.I.P building	27,000,000	9,884,185	70,483,764	-	(8,967,948)	-	98,400,001
Total	54,261,476	28,576,481	181,309,646	(461,084)	(8,967,948)	(5,402,216)	249,316,354



Zimbabwe Energy Regulatory Authority
Financial Statements for the year ended 31 December 2020.

Notes To Financial Statements (Continued)

Reconciliation of Property and equipment -2019

Historical Cost 2019	Opening Balance	Additions	Revaluation	Disposals	Derecognition	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
Total	6,699,424	20,051,223	28,035,758	(30,162)	-	(494,767)	54,261,475

Assets were revalued on 31 December 2020 by a qualified independent valuer, Crusader Real Estate Consultancy P/L, using the open market value as the basis to determine the fair value of the Property, Plant and Equipment. This was the second revaluation done since purchase of the PPE, so as to enable the Authority to correctly show the value of the respective asset in this inflationary environment. The net replacement value was used in determining the Fair Value (FV) of Property, Plant and Equipment. The directors certify that there are no restrictions on the title

and the Property, Plant and Equipment has not been pledged against any liability of the Authority. A total of ZWL 8,967,948 was recognized on assets under construction in 2019 using proforma invoices for purposes of disclosure and the actual payment was made in 2020 based on the invoices for work done, hence the actual invoice amount was capitalized in 2020, thus resulting to a derecognition of the 2019 capitalized figure to reflect the correct value of the assets under construction.

Zimbabwe Energy Regulatory Authority
Financial Statements for the year ended 31 December 2020.

Notes To Financial Statements (Continued)

4. Right Of Use Asset

Inflation Adjusted
Property and Equipment

	2020			2019		
	Cost or Revaluation	Accumulated Depreciation	Carrying Value	Cost or Revaluation	Accumulated Depreciation	Carrying Value
Right of use asset	25,124,086	(21,654,939)	3,469,147	20,713,090	(3,608,661)	17,104,429
Total	25,124,086	(21,654,939)	3,469,147	20,713,089	(3,608,661)	17,104,429

Reconciliation of Right of use asset -2020

Inflation Adjusted 2020	Opening Balance	Additions	Revaluation	Disposals	Depreciation	Total
Right of use asset	17,104,429	4,410,996	-	-	(18,046,278)	3,469,147
Total	17,104,429	4,410,996	-	-	(18,046,278)	3,469,147

Reconciliation of Right of use asset -2019

Inflation Adjusted 2020	Opening Balance	Additions	Revaluation	Disposals	Depreciation	Total
Right of use asset	-	20,713,090	-	-	(3,608,661)	17,104,429
Total	-	20,713,090	-	-	(3,608,661)	17,104,429

Historical Cost
Right of use asset

	2020			2019		
	Cost or Revaluation	Accumulated Depreciation	Carrying Value	Cost or Revaluation	Accumulated Depreciation	Carrying Value
Right of use asset	4,885,995	(4,098,177)	787,818	823,249	(348,250)	474,999
Total	4,885,995	(4,098,177)	787,818	823,249	(348,250)	474,999

Reconciliation of Right of use asset -2020

Historical Cost 2020	Opening Balance	Additions	Revaluation	Disposals	Depreciation	Total
Right of use asset	474,999	4,410,996	-	-	(4,098,177)	787,818
Total	474,999	4,410,996	-	-	(4,098,177)	787,818

Reconciliation of Right of use asset -2019

Inflation Adjusted 2020	Opening Balance	Additions	Revaluation	Disposals	Depreciation	Total
Right of use asset	-	823,249	-	-	(348,250)	474,999
Total	-	823,249	-	-	(348,250)	474,999



Zimbabwe Energy Regulatory Authority
Financial Statements for the year ended 31 December 2020.

Notes To Financial Statements (Continued)

5. Intangible assets

Inflation Adjusted Intangible assets

	2020			2019		
	Cost or Revaluation	Amortization	Carrying Value	Cost or Revaluation	Amortization	Carrying Value
Computer software	5,098,286	(4,488,000)	610,286	5,098,286	(4,023,512)	1,074,774
Motor vehicle branding	44,429	(40,752)	3,677	44,429	(39,688)	4,741
ZERA logo	101,770	(101,770)	-	101,770	(101,770)	-
ZERA reception branding	42,698	(42,698)	-	42,698	(42,698)	-
ZERA website	155,141	(95,675)	59,466	155,141	(68,381)	86,760
Total	5,442,324	(4,768,895)	673,429	5,442,324	(4,276,049)	1,166,275

Reconciliation of Intangible assets -2020

Inflation Adjusted 2020	Opening Balance	Additions	Revaluation	Disposals	Amortization	Total
Computer software	1,074,774	-	-	-	(464,488)	610,286
Motor vehicle branding	4,741	-	-	-	(1,064)	3,677
ZERA logo	-	-	-	-	-	-
ZERA reception branding	-	-	-	-	-	-
ZERA website	86,760	-	-	-	(27,294)	59,466
Total	1,166,275	-	-	-	(492,846)	673,429

Reconciliation of Intangible assets -2019

Inflation Adjusted 2019	Opening Balance	Additions	Revaluation	Disposals	Amortization	Total
Computer software	1,284,057	143,791	-	-	(353,074)	1,074,774
Motor vehicle branding	6,917	-	-	-	(2,176)	4,741
ZERA logo	-	-	-	-	-	-
ZERA reception branding	-	-	-	-	-	-
ZERA website	-	89,725	-	-	(2,965)	86,760
Total	1,290,974	233,516	-	-	(358,215)	1,166,275

Zimbabwe Energy Regulatory Authority
Financial Statements for the year ended 31 December 2020.

Notes To Financial Statements (Continued)

Intangible assets (continued)

Historical Cost
Intangible assets

	2020			2019		
	Cost or Revaluation	Amortization	Carrying Value	Cost or Revaluation	Amortization	Carrying Value
Computer software	205,297	(184,493)	20,804	205,297	(165,789)	39,508
Motor vehicle branding	1,594	(1,594)	-	1,594	(1,556)	38
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	(6,065)	13,443	19,508	(2,633)	16,875
Total	231,583	(197,336)	34,247	231,583	(175,162)	56,421

Reconciliation of Intangible assets -2020

Historical Cost 2020	Opening Balance	Additions	Revaluation	Disposals	Amortization	Total
Computer software	39,508	-	-	-	(18,704)	20,804
Motor vehicle branding	38	-	-	-	(38)	-
ZERA logo	-	-	-	-	-	-
ZERA reception branding	-	-	-	-	-	-
ZERA website	16,875	-	-	-	(3,432)	13,443
Total	56,421	-	-	-	(22,174)	34,247

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



Zimbabwe Energy Regulatory Authority
Financial Statements for the year ended 31 December 2020.

Notes To Financial Statements (Continued)

	Inflation Adjusted 2020 ZWL\$	Inflation Adjusted 2019 ZWL\$	Historical Cost 2020 ZWL\$	Historical Cost 2019 ZWL\$
6. Investment Property				
Opening balance	22,430,203	13,654,336	5,000,000	490,000
Fair value adjustment	2,169,798	8,775,867	19,600,001	4,510,000
Closing balance	24,600,001	22,430,203	24,600,001	5,000,000

The Investment property was valued on 31 December 2020 by a qualified independent valuer, Crusader Real Estate Consultancy P/L, 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 certify that there are no restrictions on the title and the Investment property has not been pledged against any liability of the Authority.

	Inflation Adjusted 2020 ZWL\$	Inflation Adjusted 2019 ZWL\$	Historical Cost 2020 ZWL\$	Historical Cost 2019 ZWL\$
7. Inventory				
Cartridges	279,780	362,822	279,780	80,878
Cleaning materials	115	825	115	184
Consumables	27,683	71,494	27,683	15,937
Promotional material	991	31,124	991	6,938
Seals	741	12,947	741	2,886
Stationery	117,120	279,027	117,120	62,199
Teas and beverages	28,558	37,207	28,558	8,294
Total	454,988	795,446	454,988	177,316
8. Trade and Other Receivables				
Trade receivables	327,963,709	111,048,773	327,963,709	24,754,295
Prepayments	2,163,667	8,900,529	1,401,791	956,403
Other receivables	3,437,265	2,747,978	3,437,265	612,562
Total	333,564,641	122,697,280	332,802,765	26,323,260
Trade Receivables Reconciliation				
Gross trade receivables	333,564,641	122,697,279	332,802,765	26,323,260
Allowance for credit losses	(222,497,592)	(21,345,286)	(222,497,592)	(4,758,157)
Total	111,067,049	101,351,993	110,305,173	21,565,103
9. Cash and Cash Equivalents				
Cash and cash equivalents consist of:				
Bank balances	16,208,541	13,775,792	16,208,541	3,070,813
Cash on hand	-	189,867	-	42,324
Total	16,208,541	13,965,659	16,208,541	3,113,137
10. Trade and Other Payables				
Trade and other payables	27,275,202	75,507,479	27,275,202	16,831,653
Other accruals and provisions	25,284,596	19,939,899	25,284,596	4,444,877
Deferred income	45,012,033	35,457,943	17,596,006	6,910,253
Total	97,571,830	130,905,321	70,155,804	28,186,783
11. Deferred VAT				
VAT based on accruals concept	35,733,993	(1,043,224)	35,733,993	(232,549)
Outstanding Cash VAT due and payable to ZIMRA	5,161,942	3,426,245	5,161,942	763,757
Deferred VAT Liability	40,895,935	2,383,021	40,895,935	531,208
Non-Current portion	35,733,993	(1,043,224)	35,733,993	(232,549)
Current portion	5,161,942	3,426,245	5,161,942	763,757
Total	40,895,935	2,383,021	40,895,935	531,208

Zimbabwe Energy Regulatory Authority
Financial Statements for the year ended 31 December 2020.

Notes To Financial Statements (Continued)

	Inflation Adjusted 2020 ZWL\$	Inflation Adjusted 2019 ZWL\$	Historical Cost 2020 ZWL\$	Historical Cost 2019 ZWL\$
12. Lease Liability				
Current liability	1,027,996	2,396,784	1,027,996	534,276
Non-current liability	-	-	-	-
Total	1,027,997	2,396,784	1,027,997	534,276
13. Income				
Electricity annual levies	342,482,751	256,619,512	224,515,920	32,043,759
Electricity licenses application fees	928,061	663,781	840,352	60,000
Electricity licenses fees	9,956,807	10,479,377	8,687,016	671,600
Liquid petroleum gas license fees	1,606,934	1,350,810	945,540	76,600
Petroleum licenses fees	256,901,597	57,878,874	223,115,000	3,045,133
Total	611,876,150	326,992,354	458,103,828	35,897,092
14. Other income				
Fair value adjustment on investment property	2,169,798	8,775,866	19,600,000	4,510,000
Insurance proceeds	241,608	211,562	186,231	37,111
Interest received	197,790	825,723	125,785	43,605
Loan administration commission	12,306	178,437	7,840	14,020
Miscellaneous	695,654	918,158	234,600	122,378
Reduction in allowance for credit losses	-	361,992	-	80,693
Rental income	276,934	528,801	168,210	46,500
Tender income	38,707	118,988	14,411	8,617
Training registration fees	89,440	404,623	39,195	47,110
Unlicensed petroleum operators' fees	202,610	164,629	202,610	36,698
Total	3,924,847	12,488,779	20,578,882	4,946,730
16. Operating expenses				
Audit fees	342,096	253,116	151,748	13,200
Bad debts	61,267	80,080	54,600	9,397
Bank charges	3,689,012	6,567,801	2,139,954	585,368
Board fees	2,298,057	2,918,748	1,913,246	314,622
Computer expenses	1,751,276	2,501,762	1,277,417	281,597
Consulting and professional fees	8,303,417	14,887,186	4,932,746	2,074,381
Consumables	1,505,949	5,252,019	910,251	516,032
Corporate social responsibility and donations	5,040,367	13,410,695	3,114,177	971,300
Depreciation and amortisation	34,944,676	9,093,752	9,679,642	877,584
Employee costs	171,341,755	141,829,247	118,829,542	17,121,070
Entertainment	286,641	318,944	220,193	33,010
Foreign currency exchange loss	37,669,751	46,355,339	23,805,740	4,383,525
Impairment and loss on de-recognition of assets	115,089	857,547	85,378	191,159
Insurance	3,006,146	3,372,848	2,065,215	298,007
Interest on lease	422,092	446,805	296,451	99,599
Lease rentals on operating lease	7,534,465	4,401,313	4,549,802	216,144
Loss on revaluation	-	-	2,604,231	-
Motor vehicle expenses	9,267,861	8,832,695	6,738,573	955,148
Postage	14,318	14,418	5,219	1,200
Printing and stationery	2,290,199	4,897,756	1,663,469	412,897
Promotions, advertising and publicity	4,890,574	14,652,732	4,047,097	1,219,688
Repairs and maintenance and office administration	223,463,378	21,206,833	222,277,765	2,332,107
Research and development	-	216,604	-	23,083
Subscriptions	6,291,057	939,005	3,124,896	99,369
Telephone and fax	7,308,307	4,613,045	5,340,373	487,415
Travel external	488,204	8,663,751	146,545	904,901
Travel local	5,228,993	13,881,667	3,883,636	1,458,323
Workshops and seminars	7,841,246	11,272,294	4,661,907	1,086,164
Total	545,396,192	341,738,002	428,519,813	36,966,292



Zimbabwe Energy Regulatory Authority
Financial Statements for the year ended 31 December 2020.

Notes To Financial Statements (Continued)

16. Income attributable to Rural Electricity Agency

In accordance with the Energy Regulatory Authority Act (Chapter13:23), ZERA is required to remit surplus funds realized in the electricity account to the Rural Electrification Agency. As at 31 December 2020 an audited electricity

receipts and expenditure statement was prepared, and the account recognized a deficit of ZWL\$ 15,525,624 hence no remittance will be made to Rural Electrification fund. In 2019 a deficit of ZWL\$2,354,308 was recognized. Below is the electricity cash receipts and expenditure statement for 2020:

Zimbabwe Energy Regulatory Authority
Financial Statements for the year ended 31 December 2020.

Notes To Financial Statements (Continued)

17. Related Party Disclosures

Short-Term Employment Benefits	Historical 2020	Historical 2019
Executive management remuneration and benefits	10,740,985	706,776
Non- Executive Board members fees	710,520	80,800
	11,451,505	787,576
Other transactions		
Donations to Ministry of Energy and Power Development	1,039,225	598,212
Total Related Party transactions	12,490,730	1,385,788

The amount disclosed above is the amount recognized as an expense during the reporting period related to Non-Executive board members' fees (2020 \$710,520 and 2019 \$80,800) and key management personnel (2020 \$10,740,985 and 2019 \$706,776). For key management personnel, the figure includes salary and bonus, medical aid, pension, security and motoring benefits.

18. Lease Commitment Classified As Right Of Use Asset

ZERA entered into a lease agreement with Old Mutual Properties for ZERA Harare Head Office space, Zimbabwe International Trade Fair for ZERA Bulawayo Regional Office space and Zimre Properties for ZERA Mutare Regional 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 2020

Description	Historical
Within one year	37,200,000
After one year	55,800,000
Total	93,000,000

19. 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 2020 financial statements.

20.1 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.

20.1.1 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.



Notes To Financial Statements (Continued)

20.1.2 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 2020:

- (a) CABS
- (b) FBC
- (c) ZB
- (d) Stanbic
- (e) Eco Cash

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	Historical 2020	Historical 2019
Cash and cash equivalents	16,208,541	3,113,137
Trade and other receivables	72,327,559	21,565,103

20.1.3 Liquidity Risk

ZERA maintains sufficient cash and cash equivalents. 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.

21. Contingencies Liabilities

Note 21.1 and 21.2 details the contingent liabilities in the reporting period.

21.1 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 matter was heard through to the Supreme Court until it was struck off the roll by consent of the parties. Mr. Chisoro reinstated proceedings on appeal and review in both the Supreme Court and the Labour Court, respectively.

21.2 ZERA Head Office Construction Contractor-Nantong International

Nantong International, the ZERA Head Office building Contractor submitted a claim amounting to USD\$4,193,673 which the Authority is disputing. The project which is 65% has been suspended. Discussions are in progress between Nantong International and ZERA through the Project Managers (Studio Arts). Nantong International is claiming for the exchange rate loss and charging interest, citing that the contract was signed during the US Dollars era in 2018 when the economy was operating on a 1:1 basis. The Contractor is also claiming the IMT Tax, costs incurred during the suspension of the project.

22. 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 following table.

Zimbabwe Energy Regulatory Authority
Financial Statements for the year ended 31 December 2020.

Notes To Financial Statements (Continued)

Details	Historical 2020	Historical 2019
National Social Security Authority	131,339	45,757
Old Mutual Pension Fund	2,571,025	596,753
Total	2,702,364	642,510

23. Motor Vehicle Disposal In Prior Year

The Authority disposes off condition of service motor vehicles to senior management after five (5) years. In 2019 the Authority sold a Toyota Hilux Double CAB ACU 6895 to Engineer Petroleum Infrastructure and this motor vehicle was supposed to have been derecognized from the books of the Authority as at 31 December 2019. The motor vehicle was not derecognized and was mistakenly revalued and reported in the books of the Authority as at 31 December 2019.

In 2020 financial year the error was discovered and the motor vehicle was derecognized from the books of the Authority and hence does not have any balance as at 31 December 2020.

24. Subsequent Events

The High Court of Zimbabwe issued a judgement in March 2021 in favour of the Authority, in the case in which Indigenous Petroleum Association of Zimbabwe had been challenging the 2020 licensing terms and conditions. The financial statements were adjusted to incorporate the procurement license fees. Covid-19 pandemic as explained in note 25 remains a menace to business operations globally. The Authority continues to monitor the impact of the changing economic condition on the business. As at the date of approval of the financial statements, there has been no disruptions of the operations as a result of the pandemic.

25. Covid-19 Pandemic Statement

On 30 January 2020, the World Health Organization 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 under strict adherence to the World Health Organization (WHO) guidelines.

In addition to serious health implications on people and the healthcare system, Covid-19 is having a significant impact on business. 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 measures included extensive testing and screening of employees, awareness and prevention campaigns as well as intensive sanitization, hygiene and social distancing protocols.

26. 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.

2020

Annual Report



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