

The new Regulation for Energy Generation, Transmission, Distribution and Supply

- EGTDS Regulation -

A new Regulation for Energy Generation, Transmission, Distribution and Supply was approved in Angola on 25 March by way of Presidential Decree no. 76/21 ("EGTDS Regulation"). The new Regulation replaces Decrees no. 45/01 of 13 July and no. 47/01 of 20 July and entered into force immediately upon being published.

The approval of the new EGTDS Regulation, which was preceded in February by a new Regulation for Independent Power Generation (Regulation no. 43/21 of 12 February), clearly shows a strategic effort by the Angolan Government to update the energy sector legal framework.

The new EGTDS Regulation sets an extensive set of rules that apply throughout the value chain of electricity and, most importantly, lays out the framework for a more competition-friendly Angolan energy sector, of which we would highlight the following:

- The National Electric System ("NES") comprises both a Public Electric System ("PES") and an "Independent Electric System" ("IES");
- Energy producers may feed the public grid under (i) public service concessions or (ii) free competition regime (which applies to producers that generate energy both to feed the public grid and for self-generation);
- Additionally, companies are generally free to generate energy for their own use and for exclusive supply to a specific client (independent generation);
- Power Purchase Agreements ("PPA") must be entered into as a condition to feed the public grid;
- Concessions for renewable projects to feed the public grid are awarded for maximum periods of 20 years, through yearly bidding processes;

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- The feed-in tariffs for renewable projects shall be set in the relevant PPA in accordance with the rules set in the Regulation for Independent Power Generation, and shall vary in accordance with the specific technology and the location of the project;
- Licensing is required for energy facilities for self-production only when production capacity is above 100kVA; otherwise, the facilities are only subject to registration;
- The energy transmission network (above 60kVA) shall be operated by one single concessionaire;
- The energy distribution network (between 1kVA and 60kVA) shall be operated by multiple entities on a regional/local base, under the terms of the relevant concessions/licenses;
- A license by the Ministry of Energy and Water is required to consumers' supply;
- Concessions for power generation awarded under former legislation shall remain in effect; however, the relevant concession agreements must be adapted to the new rules for concessions within 6 months;
- Any entities holding rights to public domain use under the former legislation, are required to adapt such rights in compliance with the rules of the EPTDS Regulation within 4 years;
- Independent power producers with PPAs in force may continue to feed the grid under the terms and conditions therein until termination of the relevant PPAs;

The modernization of the legal framework on the Angolan energy sector was long-awaited and most welcomed by all stakeholders involved. It is expected that this new regulation will have a huge impact in the market and the special focus on renewables is paramount in an era where decarbonization is increasingly a key for success.

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