

## **BURUNDI'S NEW ELECTRICITY BILL**

In December 2023, the Senate of Burundi adopted a bill in order to liberalise the electricity sector and facilitate private investment. We present in this article a preliminary analysis of this new electricity bill. However, this bill is yet to be amended and adopted by the Parliament. The electricity sector in Burundi currently remains governed by Law No.1/13 dated 23 April 2015. Thus, the below preliminary analysis of the new electricity bill should be interpreted with caution.

### **1. GENERAL OBJECTIVES OF THE LAW**

Burundi is one of the least electrified countries in the world, with only about 11% of Burundi's 11 million inhabitants having access to electricity. In 2020, Burundi consumed a total of 383 GWh of electric energy. Burundi has only 47 MW of installed capacity, of which 90% is hydropower-based. However, Burundi does have significant renewable energy potential still to be tapped.

In 2021, the first grid-connected solar project in Burundi developed by an independent power producer was commercially commissioned: the Mubuga power plant, with a 7.5 MW capacity. Trinity advised the project company, Gigawatt Global Burundi SA, on this project.

In order to accelerate the implementation of new power projects, the new electricity bill seeks to establish a legal framework for liberalising the distribution of electricity and facilitating private investment in independent power producers developing new transport and distribution networks.

### **2. LIBERALISATION OF DISTRIBUTION ACTIVITIES IN BURUNDI**

The main change introduced by the new electricity bill is the liberalisation of electricity distribution in Burundi.

Up until now, electricity transport and distribution activities in Burundi have been carried out by the *Régie de Production et de Distribution d'Eau et d'Electricité du Burundi* (that is, the public operator"), on an exclusive basis in the areas connected to the national grid. Going forward under the new legal framework, the public operator will only retain exclusive management of the high voltage national electricity transport network.

To date, private operators have only been entitled to operate medium voltage and low voltage distribution networks in areas not connected to the national grid. Following the adoption of the new electricity bill, private operators will be entitled to operate distribution networks, regardless of their connection to the national grid.

The new electricity bill also provides that the development of electrical transmission facilities may be entrusted to private investors in the form of public-private partnership for both high voltage transport facilities and for medium and low voltage distribution facilities.

### **3. CREATION OF A COMPETITIVE MARKET FOR COMMERCIALIZATION OF ENERGY PRODUCED BY IPPs**

One of the objectives of the new electricity bill is to create a competitive electricity market for commercialisation of energy produced by IPPs for certain customers that are not connected to the national grid.

To this end, the new electricity bill introduces the concept of “eligible customers”, that is final customers who consume more than 100MWh per year and who are authorised as such by a decision of the Ministry of Energy, on a proposal of the Regulatory Authority.

While IPPs will still have to sell their electricity production to the public operator areas where it operates the grid, IPPs will also be entitled to sell electricity directly to eligible customers and distribution system operators, if they are not connected to the national grid. This is a first step for opening the electricity sector to competition in Burundi.

### **4. SELF-GENERATION**

Industrial customers are still entitled to produce their own energy for their operating needs. These self-generating power suppliers can now also sell their surplus to eligible customers.

The new electricity bill also provides the possibility for industrial customers to remotely produce their own energy for their operating needs, *i.e.* by consuming the electricity they produced in another area of the grid. This means that industrial customers may elect to produce their electricity in another part of the country and transport the electricity over the national grid to their facilities, on the basis of a “transit contract” signed with the public operator. The new electricity bill also allows industrial customers to feed in electricity at one part of the grid and extract an equivalent amount elsewhere for their operating needs.

### **5. OFF-GRID ELECTRIFICATION**

The new electricity bill strengthens the legal framework on electrification in off-grid areas, notably for mini-grids.

In particular, the new electricity bill provides that the implementation of electrification projects in off-grid areas are to be carried out through a competitive procedure launched by the Minister of Energy. The development of mini-grids in rural areas may be entrusted to private investors by way a public-private partnership or a concession, or through the issuance of a license. The authorisation for the development of such a mini-grid would set out the conditions of exclusivity in the geographic area where the mini-grid is to be implemented.

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We will provide regular updates on the new electricity bill in Burundi and welcome any comments or questions, using the contact details set out below.

Pierre Bernheim: [pierre.bernheim@trinityllp.com](mailto:pierre.bernheim@trinityllp.com)

Alexis Giroulet: [alexis.giroulet@trinityllp.com](mailto:alexis.giroulet@trinityllp.com)

Lucas Aichelmann: [lucas.aichelmann@trinityllp.com](mailto:lucas.aichelmann@trinityllp.com)