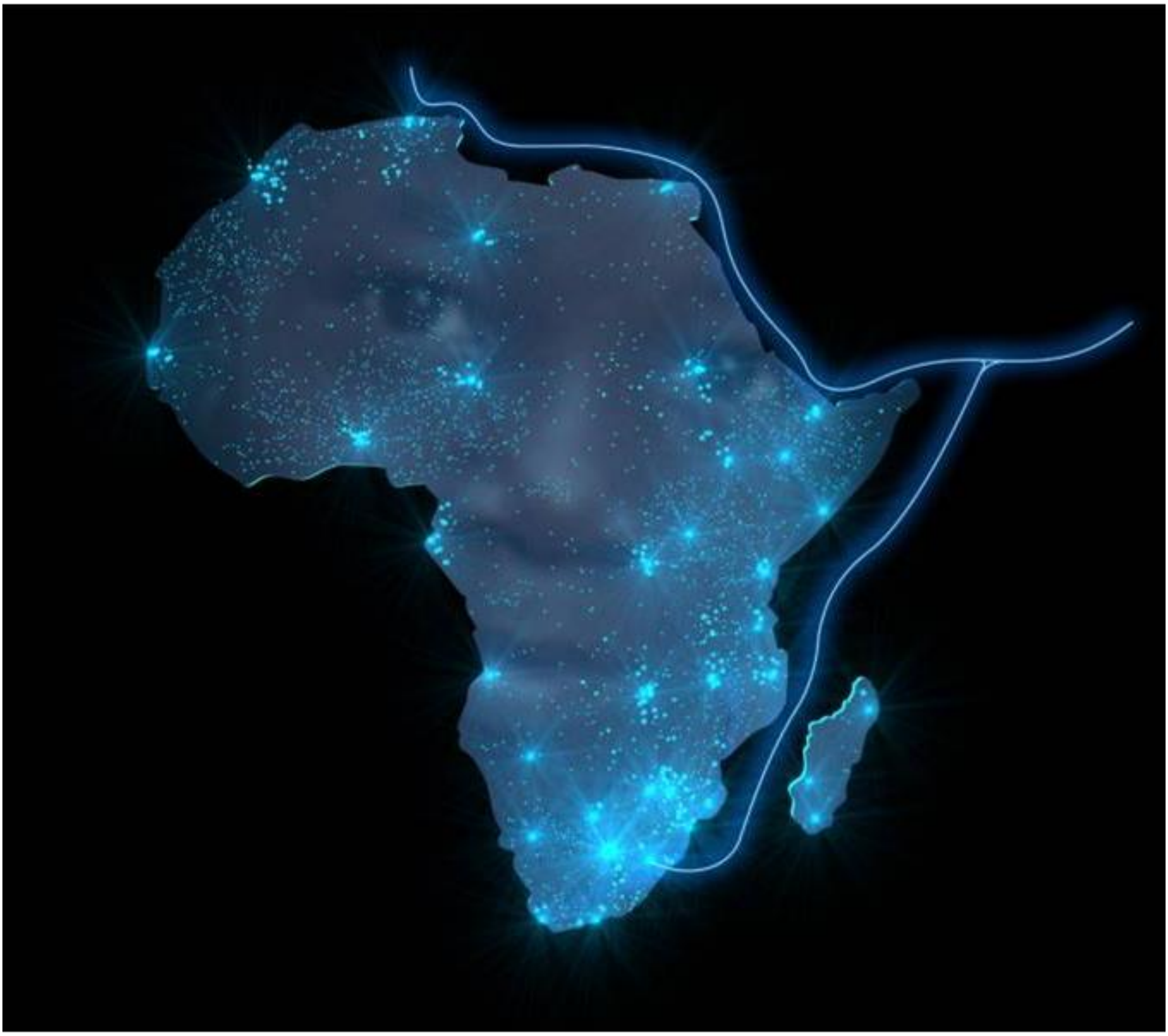
Annual Report 2012/2013



PIESA

THE POWER INSTITUTE FOR
EAST & SOUTHERN AFRICA

www.piesa.com piesa@vdw.co.za P.O. Box 868, Ferndale, Johannesburg, 2160 Tel: (011) 061 5000

About the Power Institute of East and Southern Africa (PIESA)

The Power Institute for East and Southern Africa (PIESA) is a voluntary regional electricity industry association established in 1998 to facilitate and coordinate the sharing of information and technology in the specialized areas of:

◇ Technology and engineering support;
◇ Applied research;
◇ Standardization;
◇ Environmental management; and
◇ Technical development and training

The PIESA aims to be the catalyst for sustainable regional technological cooperation in expanding the electricity distribution industry for regional growth and development by:

◇ Encouraging participation by all regional electricity distributors and supporting industries;

◇ Compiling, optimizing and maintaining integrated information systems for technology related to the distribution of electricity including technical equipment specifications and codes of practice that are appropriate for the regional environment;

◇ Providing a mechanism for continuously capturing the experiences of members in order to improve efficiency;

◇ Encouraging the use of local resources and manufacture of equipment for use in the distribution industry;

◇ Promoting applied research in areas that are relevant to the effective performance of members;

◇ Fostering a culture of technology transfer and skills development among the members;

◇ Developing strategic alliances and partnerships with other related organizations involved in or with the electricity distribution industry.

In a nutshell, the PIESA aims to improve electrification in East and Southern Africa through sharing information, research, technology, skills and experiences for the benefit of customers and suppliers in the electricity distribution industry. The main focus is on technical rationalisation to achieve economies of scale with local manufacturers in an effort to enhance electrification in the region.

Membership is open to electric power utilities in East and Southern Africa, manufacturers, suppliers of equipment, researchers, academic institutions, investors, financiers and other associations who wish to participate in the PIESA's activities.

The PIESA is governed by a Board of Directors with representatives from each participating utility. The prime responsibility of the Board is to determine the objectives and direction of the PIESA.

The PIESA's core activities are conducted through its four Technical Working Groups:

Electrification
Non-Technical Loss Reduction
Environmental and Safety Management
Standardisation

Members currently include electricity distributors from the following countries: DRCongo, Kenya, Lesotho, Malawi, South Africa, Tanzania, Uganda, Zambia and Zimbabwe.

Members of the PIESA board

Eng. Felchesmi Mramba
(Tanesco – Tanzania and PIESA Chairman)

Peter Mtonda
(Escom - Malawi)

Michael Rhoda
(AMEU Southern Africa)

Bhukosi Siso
(ZESA - Zimbabwe)

Zimbiso Chimbima
(UMEME - Uganda)

Benson Muriithi
(KPLC - Kenya)

Gerard Lehloenya
(LEC - Lesotho)

Mebolana Montala
(SNEL - DR Congo)

Zibu Mthiyane
(Eskom – South Africa)

Besty Phiri
(Zambia - ZESCO)

Paul Johnson
(AFSEC & Co-opted member)

PIESA Vision and Objectives

Vision
PIESA's Vision is to be the catalyst for sustainable regional technological co-operation in expanding the EDI and stimulating the electrification for regional growth and development.

Objectives
Principal Objectives
To stimulate the electrification of the region by:

- Broadening Membership - Participation from all regional electricity distributors and supporting industries
- Maintaining a centralised integrated information system for technology related to the distribution of electricity
- Developing mechanisms for the continuous capture of experiences of members to improve efficiencies (feedback loop)
- Encouraging the use of local resources and the manufacture of equipment for use in the distribution industry
- Optimising and harmonising technical equipment specifications and codes of practice for the regional environment
- Promoting applied research in areas that are relevant for the effective performance of the members
- Developing a culture of technology transfer and skills development among members
- Developing strategic alliances and partnerships in research, industry and manufacture and other similar organisations
- Compilation of standards and guidelines with the objective of minimising the impact on the natural environment
- Being flexible to the needs of an evolving Electricity Distribution Industry
- Facilitating dialogue relating to the Electricity distribution Industry
- Promoting energy efficiency
- Operating, maintaining upgrading and refurbishment of assets cost effectively.
- Promoting occupational health and safety.

Annual report of PIESA Chairman – Eng. Felchesmi Mramba

Electrification has had a significant impact on poverty in many developing countries by any reasonable measure. It has been proved that the use of electricity is much cheaper than any other alternative. The only challenge that we have as a group is how we strategize to increase household access to electricity. Access to electricity is particularly crucial to human development, as certain basic activities such as lighting, refrigeration, running household appliances and operating equipment cannot easily be carried out by other forms of energy. African countries are the most affected in terms of productivity and economic growth.

Some of the more obvious reasons that power utilities of East and Southern Africa are facing major issues in closing the electricity access gap and which have remained unfinished are the high costs of supplying rural and peri-urban households, lack of appropriate incentives such system of tariffs and subsides, shortage of electricity generation, relatively high non-technical losses and the population growth to mention a few.

The PIESA is working to establish a set of practical recommendations for the utilities to address, inter alia, common standards for meter auditing procedures, faulty meters, tamper-proofing methods, quality standards for meter connections.

Sincerely

Eng. Felchesmi Mramba
PIESA Chairman

From the desk of the Executive Director – Paul van Niekerk

The year 2012/13 will surely be remembered as the year when PIESA held its Africa TIS forum with our international partners the International Electricity Research Exchange - IERE

This combined IERE GM and Africa Forum has only been held in Africa on two previous occasions, the first in Cape Town in December 2001, followed by the meeting in Livingstone, at the Victoria Falls in Zambia in 2007 and now, in one of the most beautiful Countries in Africa, in Arusha at the foothills of Mount Kilimanjaro and Mount Meru.

We are grateful to Eng Mramba, the Chairman of PIESA, for hosting the conference, jointly with the IERE Central office and PIESA events management department.

Simply put, to be able to uplift the standard of living for all our people, access to reliable electricity supply is a fundamental necessity in the 21st century, and this is the primary objective of the PIESA. There is still so much to be done and PIESA is just one small cog in the machinery needed to get it done.

We at the PIESA central office have managed to set up a good relationship with GSEP –The Global Sustainable Energy Partnership at the United Nations. This will be the year for the introduction of universal access to sustainable electricity in terms of their SE4ALL project.

The SE4All Initiative is a United Nations initiative led by Secretary General Ban Ki-moon, given direction by the High Level Advisory Group and The Electrification Roadmap is an initiative which is aimed at giving effect to "Universal Access", one of the Sustainable Energy for All (SE4All) objectives.

By harnessing the collective experience from the Global Sustainable Electricity Partnership (GSEP), it is intended to accelerate electrification with the ultimate objective of establishing 30 million new connections in Africa by 2025. Although this is a very ambitious target, this goal, which will eventually provide electricity to 100 million people worldwide, will help resolve a third of the global challenge.

We have arranged for a speaker to address this topic at the PIESA TIS Africa Forum in Tanzania. In addition, we have invited a speaker to do a keynote address on the subject of establishing an African utility Communication Commission. The introduction of modern smart grids (mini grids) and sophisticated Smart metering will require the introduction of more sophistication for utility communication. This has been done in America and in Europe. Hopefully this presentation will encourage measured systematic introduction of a suitable protocol management system in Africa.

Looking back on the year under review, starting March 2012, the working groups were active right at the outset with meetings that took place in Johannesburg, South Africa to coincide with the African Utility Week conferences, preceded by a Board meeting in Johannesburg.

In May the on-site pre commissioning, inspection and testing training on SWER systems took place on the SWER pilot project Zimbabwe on behalf of ZESA and the REA in Zimbabwe under the guidance of Eskom experts Dr Hendri Geldenhuys and Bruce MacLaren. My thanks to them both for their enthusiastic assistance and to Eskom in South Africa for their unwavering support of PIESA with these projects.

PIESA, is still working very hard at maintaining its external stakeholder relationships, which includes its executive membership of IERE and affiliation to the African Electrotechnical Standardization Commission (AFSEC), RERA and the UPDEA. All of these relationships are very important to the PIESA

The second Board meeting and the working group meetings were held in Johannesburg in September 2012, at the Emperors Palace to coincide with the annual meeting of the AMEU, which is in itself a PIESA member organisation. This event afforded many PIESA members from elsewhere in the region the opportunity to actively engage in the conference activities, and to network with colleagues and exhibitors. Thank you to the executive of the AMEU for so willingly continuing to collaborate with PIESA, in the spirit that underpins our common aims.

The PIESA did not have an outgoing young member to attend an IERE workshop in 2012 due to the combined meeting of IERE and PIESA taking place and hopefully the Board will agree that this worthwhile initiative should continue in the future. The IERE are considering the return of the 'Young Academy' which is an initiative that was introduced by IERE a few years ago to encourage young members to do electricity research projects.

The PIESA continues to engage with potential new utility members, and it is the intention to visit Namibia, Botswana and Rwanda again in the near future. I would appeal to the board members in particular, but also to all PIESA members to use any opportunity when engaging with your neighbouring utilities that are not yet members of PIESA, to encourage them to also join PIESA.

Also during this year, we have once again engaged with the Regional Energy Regulators Association (RERA) to explore synergy with PIESA and have been deliberating on how to leverage our recent association with NEPAD and our renewed association with the SADC structure for harmonisation of standards.
While this report focuses on the highlights of what PIESA has achieved during the year 2012/13, we must continually ask ourselves "are we making best use of the opportunity that being members of PIESA presents us with?"

Since 1998 when PIESA was first conceived, I believe we can say PIESA is an established and well respected association in the regions. Our members have many common challenges, including serious issues such as resource constraints, constrained generation capacity and the continued theft of both infrastructure and electricity to name only a few.

My appeal is that we all continue to share information and deliberate on how we can use our membership of PIESA to make a difference. Remember it is your association, the more we put in, the more we will get out of it.

Reluctantly, I must bid you al farewell, as I am retiring in July 2013, and by the time that you read this annual report, the executive function of PIESA will have been taken over by Knox Msebensi.

In conclusion, I would like to thank the PIESA Board for their assistance and support, and extend my appreciation to all of the PIESA members, the working group convenors and members in particular, including the Affiliate members, for their continued support, hard work and dedication.

VIVA PIESA
Paul van Niekerk Pr. Eng.
PIESA Executive Director

The Technical Working Groups

PIESA operational activities are implemented through the technical Working Groups (WGs) comprising personnel/experts from member utilities and affiliate members to address common issues and share information and experience in areas that are key to electricity distribution operations. These activities focus mainly on applied research, application of new and appropriate technologies, training and skills transfer. Individual member utilities are given lead responsibility for coordinating the mandate and activities of WGs.

The PIESA Board is responsible for determining the terms of reference and operational framework of the Working Groups' activities. The Working Groups are responsible for determining member utilities' inputs and to pool the relevant resources required to address their projects and activities.

The current Working groups are:-
☐ Electrification.
☐ Environmental and Safety Management.
☐ Non-Technical Loss Reduction.
☐ Standardisation.
Activities will not be limited to the areas identified, but are expected to grow and adapt as the organisation faces new challenges.

Electrification:
The Working Group is responsible for gathering information on low cost electrification practices in the region and, where possible, recommending improvements and appropriate approaches to the situation and the country concerned.

Environmental and Safety Management:
The Working Group is responsible for the development of guidelines and programmes to facilitate policy formulation, training and skills development, and communication about research on environmental issues of common interest.

Non-Technical Loss Reduction:
The Working Group's overall objective is to investigate and evaluate technology developments and management practices in order to establish practical recommendations for the reduction of non-technical losses.

Standardisation:
The Working Group identifies areas in which standardisation of commodities or manufactured goods or designed systems could be undertaken for application, with advantages, in East and Southern Africa. Although standard specifications are developed where a need is indicated, the Working Group's overall objective is to encourage the adoption of other standards as harmonised regional standards through the Southern African Development Community Cooperation in Standardisation (SADCSTAN).

Environmental and Safety Management report

The Environmental and Safety Working Group is made of the following members: Eskom, (Troy Govender, Convenor), KPLC (Irene Maina, Deputy Convenor), ZESA (Thandiwe Sithole, Secretary), and members AMEU (Jayshree Pershad), ZESCO (Robam Musonda), SNEL (Tshibwabwa Mutamba), ESCOM (Vera Mede), TANESCO (John Lazimah), REA (Jossylyn Mutua), UMEME (Stephen Mutungi).

The Convenor, Troy Govender, is the Manager, Environmental Management, in the SHEQS Department, for Eskom, Distribution. He has been with Eskom for the past 23 years. Prior to that Troy worked for a Community Based Organisation and was a school teacher for three years. Troy is also the Special External Advisor in the Communications and Public Information Division of the United Nations Environment Programme (UNEP) since 1997.

He is a Council member of the South African Council for Natural Scientific Professions (SACNASP), and the Chairperson of SACNASP's Professional Advisory Committee for Environmental Science.

During 2012, the Working Group hosted two meetings, one in May 2012 and the other in October 2012, both in Johannesburg, South Africa.

Due to the extensive and necessary consultation process with all utility members, progress on finalising the Environmental Guidelines has been slow. The Working Group initiated two new guidelines, viz. Waste Management and Safety Management during the year. The latter guideline also included a reporting system to track and report all major safety incidents of utility members, to be shared at PIESA meetings. Another Environmental Engineering training intervention was planned for 2013 to be held in Uganda.

Troy Govender Pr. Sci. Nat./C.P.R.P.
Eskom
Convenor

Financial Statements

PIESA (Non Profit Company)
Annual Financial Statements for the year ended 29 February 2012

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Report of the Independent Auditors to the Shareholders of PIESA (Non Profit Company)

We have audited the annual financial statements of PIESA (Non Profit Company), which comprise the director's report, the statement of financial position as at 29 February 2012, the statement of comprehensive income, the statement of changes in equity and statement of cash flow for the year then ended.

Auditors responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conduct our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of matter

In common with similar organisations certain income cannot be verified prior to being recorded in the books. While we have no reason to believe that there has been any unrecorded income, we are unable to express a definite opinion in this regard.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the company as of 29 February 2012, and of its financial performance for the year then ended in accordance with International Financial Reporting Standard for Small and Medium-sized Entities.

Harris Dowden & Fontaine

HARRIS DOWDEN & FONTAINE
Chartered Accountants (S.A.)
Registered Auditors
Per: RT Harris

SANDTON
12 April 2012

Director's responsibilities and approval

The directors are required by the Companies Act of South Africa 2008, 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 his responsibility to ensure that the financial statements fairly present the state of affairs of the company 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 South African Statements of Generally Accepted Accounting Practice. The external auditors are engaged to express an independent opinion on the financial statements.

The financial statements are prepared in accordance with South African Statements of Generally Accepted Accounting Practice and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and places considerable importance on maintaining a strong control environment. To enable the directors 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 the company and all employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the company 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 control 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 misstatement or loss.

The directors have reviewed the company's cash flow forecast for the year to 29 February 2012 and, in the light of this review and the current financial position, they are satisfied that the company has or has access to adequate resources to continue in operational existence for the foreseeable future.

The financial statements set out on pages 4 to 12, which have been prepared on the going concern basis, were approved by the board of directors on 12 April 2012 and were signed on its behalf by:

Chairman

Report of the directors

The directors have approved the attached annual financial statements and submit their Report for the year ended 29 February 2012.

1. Main business and operations

The company is engaged in stimulating the electrification of the region.

The operating results and state of affairs of the company are fully set out in the attached annual financial statements and do not in our opinion require any further comment.

2. Events subsequent to balance sheet date

The directors are not aware of any matter or circumstances arising since the end of the financial year, not otherwise dealt with in the report of the financial statements that would affect the operations of the company or the results of those operations significantly.

3. Directors

The directors of the company during the year and to the date of this report are as follows:

Name	Name
P Johnson	A Musumali
B B Siso	B Muriithi
P Mtonda	F Mramba
Z Chimbima	G Lehloenya
J J Roos	M Montala – appointed 14 March 2011

4. Secretary

Van der Walt & Company – Jean Venter – has been reappointed as the secretary of the company.

Statement of financial position

	Note(s)	2012 R	2011 R
Assets			
Current assets			
Trade and other receivables	2	177,403	229,337
Cash and cash equivalents	3	531,061	684,594
Total assets		708,464	913,931
Equity and liabilities			
Capital and reserves			
Accumulated funds		659,660	797,629
Current liabilities			
Trade and other payables	4	16,000	16,000
Receiver of revenue		-	2,493
Education fund	5	32,804	97,809
		48,804	116,302
Total equity and liabilities		708,464	913,931

Statement of comprehensive income

	Note(s)	2012 R	2011 R
Revenue			
Membership fees		958,153	904,789
Other income			
Interest received		737	9,688
Conference fees		260,102	9,786
Education programmes		10,456	67,803
		271,295	87,277
Total income		1,229,448	992,066
Expenditure			
Auditor's remuneration	6	18,338	19,000
Conference expenses		228,631	---------
Education projects – Trainer and material costs		--------	109,241
Marketing – Travel international		17,564	5,114
Secretariat – Annual report		--------	8,000
Secretariat – Finance charges		3,601	1,345
Secretariat – Management fees	1	923,112	690,705
Secretariat – Printing and stationery		9,186	2,115
Secretariat – Travel international		66,995	33,452
Secretariat – Travel local		10,426	55,892
Secretariat – Website		3,607	200
Subscription fees		42,548	47,214
Workgroups – Venue costs		45,901	47,991
Total expenditure		1,369,910	1,020,269
Net loss before tax		(140,462)	(28,203)
Taxation	7	(2,493)	---------
Net loss for the year		(137,969)	(28,203)

Statement of changes in equity

	Accumulated funds R	Total equity R
Balance as at 1 March 2010	825,832	825,832
Net loss for the year	(28,203)	(28,203)
Balance as at 1 March 2011	797,629	797,629
Net loss for the year	(137,969)	(137,969)
Balance as at 29 February 2012	659,660	659,660

Cash flow statement

	Note(s)	2012 R	2011 R
Cash flow from operating activities			
Cash generated by/(utilised in) operating activities	8.1	(154,270)	(252,225)
Interest received		737	9,688
Taxation paid	8.2	(0)	(3,495)
Net cash from operating activities		(153,533)	(246,032)
Decrease in cash and cash equivalents		(153,533)	(246,032)
Cash and cash equivalents at beginning of the year	3	684,594	930,626
Cash and cash equivalents at end of the year	3	531,061	684,594

Accounting policies

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and the Companies Act, 2008 of South Africa. The annual financial statements have been prepared on the historical cost basis, and incorporate the principal accounting policies set out below.

These accounting policies are consistent with the previous year.

1.1 Financial instruments

Initial recognition

The company 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 assets and financial liabilities are recognised on the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Trade and other receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at cost.

Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. The allowance recognised 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.

Trade and other payables

Trade payables are initially measured at fair value, and are subsequently measured at cost.

Cost and cash equivalents

Cash and cash equivalents are initially and subsequently recorded at fair value.

1.2 Provisions and contingencies

Provisions are recognised when:

- the company has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation;
- a reliable estimate can be made of the obligation.

Contingent assets and contingent liabilities are not recognised.

1.3 Revenue
All income received is recognised on a cash received basis.

1.4 Translation of foreign currencies
Foreign currency transactions are recorded, on initial recognition in Rand, by applying to the foreign currency amount the exchange rate between the Rand and the foreign currency at the date of the transaction.

1.5 Secretariat – Management fees
This represents the Association Management Company's Services. It included the new fee and R15 000 for additional ED day.

Notes to the Annual Financial Statements

	2012 R	2011 R
2. Trade and other receivables		
Prepaid expenses	16,632	26,874
VAT control	160,771	202,462
	177,403	229,337
3. Cash and cash equivalents		
ABSA Call accounts	416,938	678,082
FNB NPO Account	113,113	5,511
FNB Business Call Account	1,010	1,001
	531,061	684,594
4. Trade and other payables		
Harris Dowden & Fontaine	16,000	16,000
5. Education funds		
Closing balance	32,804	97,809

A special resolution was passed by the Board Members to rename the Contingency fund to the Education fund. These funds will be used for training in the years to come until the funds have been depleted.

	2012 R	2011 R
6. Auditors' remuneration		
Audit fees	16,000	14,000
Secretarial fees	2,338	3,000
	18,338	19,000
7. Taxation		
Prior year's adjustment	(2,493)	--------

No tax has been provided as the company is awaiting approval for full exemption from taxation in terms of Section 10(1)(d)(iv)(bb) of the Income Tax Act.

PIESA membership

Membership Categories and Eligibility

Membership of the PIESA is open to the electricity industry. The number of members from time to time shall not be limited, but shall at no time be less than five (5). Membership may not be assigned or transferred to any other person, company or concern.

Membership is obtained by paying the prescribed contributions as stipulated in Article 14.2 following the acceptance by the PIESA Board of the application for membership.

PIESA has the following categories of membership:
Full Members are organizations that:
(a) Generate, transmit, distribute or buy and sell electricity; or
(b) Represent an organisation contemplated in (a).

Affiliate Members are organizations or individuals with an allied interest to the PIESA, and would include, inter alia, manufacturers and suppliers of services or equipment to the electricity distribution industry, researchers, consultants and financiers.

Benefit of PIESA Membership

Benefits to members include:

- Access to and participation in the development of standards for the electricity distribution sector;
- Share of information, technology and skills and, in particular, experiences gained from pilot projects and implementation of new technologies, and local solutions to recurrent problems experienced in the region;
- Network with like-minded organizations, joint research activities and access to information from international research organizations e.g. IERE, EPRI, SAPURAB;
- Influence the development of standard specifications appropriate for the region through active involvement in the Working Groups;
- Coordinate with like-minded organizations e.g. SADCSTAN, UPDEA towards the common goal of harmonized standards;
- Participate in training activities, exchange programmes and development projects;
- Participate in regional workshops and conferences, and network with strategic decision-makers in the electricity industry;
- Provide opportunities for market growth and economies of scale for regional manufacturers and suppliers of equipment and services.