Press Statement

BY

THE CHIEF EXECUTIVE OFFICER OF

ELECTRICITY CONTROL BOARD

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24 JANUARY 2001

DEADLINE FOR THE LICENSING OF STAKEHOLDERS IN THE ELECTRICITY SUPPLY INDUSTRY.

The Electricity Control Board (ECB) is the statutory regulatory authority established in terms of the Electricity Act, 2000 (Act 2 of 2000). The ECB has the core responsibility of regulating generation, transmission, distribution, supply, import and export of electricity in Namibia as well as tariffs, quality of supply and dispute resolution. In the execution of its statutory functions the ECB is headed by five (5) Board Members, appointed by the Minister of Mines and Energy, and the secretariat appointed by the Board to carry out the day to day functions of the ECB on its behalf.

Under the Electricity Act all existing players in the Electricity Supply Industry (ESI) must obtain their respective electricity licenses by 11 July 2001 if they intend to continue with the generation, transmission, distribution, supply, import or export of electricity in the country.

The ECB is concerned that despite its efforts to sensitize the industry, particularly the distribution sub-sector, in connection with their obligations under the new dispensation, very little or no response has been received from the industry to ensure that the ring-fencing and licensing requirements of the Electricity Act are being addressed. So far no single municipality has collected the license application forms from the ECB since they were approved by the Board in December 2000, nor has any enquiry been made in this connection. This situation prevails despite the announcement made about the application forms during the tariff course seminar in November 2000.

In this connection we would like to issue a warning that the completing of the license application forms presently available at the ECB offices (1st floor, Aviation Road No. 1, Windhoek), will not be easy as most of the information required under the application forms is not necessarily available with the stakeholders, particularly the municipalities, at present. The ECB is of the opinion that the license application process will be difficult and time consuming and would therefore advise
that the earlier the ESI starts with the application process, the better it will be for both the ECB and the stakeholders.

With due consideration of the complexity of the license application evaluation procedure and the long time associated with this process the ECB has decided that all license applications from existing players must be received by the ECB by Monday, 30 April, 2001. All licenses issued by the ECB this year will be temporary and will have a maximum duration of two to five years, by which time the ESI restructuring project by government, ring-fencing process by the industry and all licensing ground work, particularly pricing and performance standard matters by the ECB, will have been successfully completed. The licensees will then be encouraged to re-apply for the long-term licenses, if necessary.

In accordance with the Act the application must be sent to the ECB Board, and at the same time it must be advertised in local newspapers. Any objections from the public or other instances to the plans put forward in the application must be sent to ECB. The ECB will then consider the application and objections, and either make a recommendation to the Minister directly, or arrange a public hearing about the application. The result of the hearing will then be taken into account when ECB makes its recommendation to the Minister. It is the Minister who finally decides whether the application is to be approved or refused. In case of refusal, the Minister informs the applicant in writing. The applicant can then again send a complaint to the Minister for a second evaluation. In case of approval, the Minister instructs the ECB to issue the license, with the necessary conditions.

Before a submission is accepted as an application it must fulfill certain requirements specified by the electricity legislation and the ECB. Therefore, a draft application must be sent to ECB for a preliminary scrutiny. If the ECB finds the content of the draft sufficient to start the licensing procedure, the applicant must send a final application to ECB, and at the same time make an advertisement about its plan.

The objective of the advertisement is to make affected parties aware of the plans in the application. The advertisement, which is on the applicant expense, must contain the following:

- Brief presentation of the applicant
- Short description of the plan (location as well as financial, technical and environmental feasibility)
- Information about where the public can access the detailed application (local library, municipality, world wide web, etc)
- Address of ECB, where objections or comments to the application must be sent
- Deadline for sending objections or comments to ECB
The advertisement should be made in at least two local newspapers and should cover at least half of a newspaper page.

Any party directly or indirectly affected by the plans in the application has the right to comment or complain to the ECB either in favour or against the project.

Finally the ECB would like to emphasise the following facts in connection with the application procedures:

- All license applications by existing electricity undertakers must be submitted to the ECB by 30 April 2001.
- The application form must be completed in full and must be typed,
- The application must be accompanied by the license application fee, which is N$500.00 for the issue of a license
- The license application must be accompanied by a copy of the newspaper advertisement referred to above.
- The maximum duration of the license application evaluation by the ECB will be 30 days after the public hearing meeting or 60 days from the date of advertisement of the license application plan if no hearing has taken place.
- The license issued by the ECB will be accompanied by licensing conditions which will have to be complied with by the licensees during the life of the licenses.
- No existing or future electricity undertakers will adjust their electricity tariffs to the consumers without approval by the ECB.
- Copies of the Electricity Act and regulations may be obtained from the ECB or may be downloaded from the Ministry’s web page: www.mme.gov.na

It is the objective of the ECB, in line with government policy and in cooperation with all stakeholders, to improve efficiency and transparency in the electricity supply industry and ultimately to effect lower electricity tariffs in real terms, without compromising the commercial interests of investors in the country.

I THANK YOU!