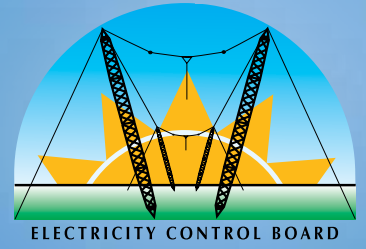


SPARK



Official Newsletter of the Electricity Control Board

May - August 2016

CEO's Message



Namibia is currently faced with a number of challenges in the Electricity Supply Industry (ESI), hence at times there is a misconception that the country's ESI has not undergone any changes in attempting to address specific goals set out in the White Paper on Energy Policy of 1998.

Despite the non-finalisation of the market restructuring, it is important to point out that the industry has been split in separate licensed entities responsible for different sections of the electricity value chain, that is such as Generation, Transmission, Distribution and Trading. Generation, transmission and trading are operated by the national electricity utility, NamPower, while some local and regional authorities as well as Regional Electricity Distributors (REDs) are responsible for distribution.

To complement the abovementioned arrangement, especially generation, an In-



“ With rural electrification it is clear that the connected communities are able to participate in the economy of the country and accelerate social development issues within the country. ”

dependent Power Producers (IPPs) Investment Market Framework has been developed by the Regulator to encourage IPPs in the industry. A number of licenses have been issued in accordance with the IPP Framework. This Framework is in the process of being transformed into the IPP Policy, which will create an enabling environment for IPPs to enter Namibia's power market, and to allow IPPs to invest in the development of Namibia's power generation capacity.

To ensure the success of the above noble efforts, the ECB is committed to finalise and implement the ESI Market Model. This market model should enable investment in the industry as well as outline the rules of engagement for industry participants. Above all, in conjunction with other policies, it should be able to give true benefits to the citizens, in terms of access, affordability and security of supply.

IN THIS ISSUE:



ESI Forum addresses security of supply | 3



Renewable Energy Policy almost ready | 6



Corporate Social Responsibility | 8



LEARN MORE ABOUT **ECB Licence Application Procedure**

One of the main responsibilities of the ECB is the issuing of licences, which are required before entities may perform certain electricity-related activities under the Electricity Act. The following activities require licences:

1. Generation
2. Transmission
3. Distribution
4. Supply
5. Import
6. Export
7. Trading

- A separate licence is required for each of the above.

Who can apply for a licence?

A natural person or a body corporate intending to do electricity business within the Namibian territory can apply for a licence.

How does one apply for a licence?

Applications must be made in the prescribed form, and an application fee of N\$2500, 00 is payable. The prescribed form is available on the ECB website. Once completed, the form must be submitted to the Electricity Control Board and a prescribed fee must be paid.

The ECB is in the process of migrating to an electronic application system which will expedite the processing of applications.

The application

A licence application must fulfil certain minimum requirements specified by the Electricity Act and Regulations. A draft application must therefore be sent to the ECB for a preliminary scrutiny of the application. If the draft submission meets the requirements as set out in the Regulations, the applicant will be requested to advertise the application in the prescribed format in the print media at its own cost. The advertisement must also be approved by the ECB before it is published.

What is the purpose of advertising and what must the advertisement contain?

The purpose of advertising is to inform the public of the application, and to provide information to the public here to view the application and the supporting documentation. Interested parties may object to an application within a period of thirty days from the date of publication of the advertisement.

Under the Act and Regulations, the advertisement must notify the public that the following information was submitted to the ECB and is open for inspection to the public:

- The type of licence applied for;
- A short description of the applicant and its constitutive documentation;
- A map of the proposed site for the activity;
- A brief description of the business plan;
- Informing the public that the application lies for inspection by members of the public at the ECB for a period of thirty days during which objections can be lodged against the application;
- Deadline for lodging objections against the application to the ECB; and
- Any other information required by the ECB, including a financial model and the tariffs to be charged.

How does the ECB deal with objections?

Objections against application must be lodged in the prescribed form. The ECB will forward any objections to the applicant, and request the applicant to respond to the objections within a specific period of time.

The ECB may also call a public hearing where the application and the objections will be discussed.

The ECB has thirty days from the date of the public hearing, or where there is no public hearing, thirty days from the date the period for objections has closed, to make a recommendation on the application to the Minister whether or not to grant the licence application. In making a recommendation, the ECB must consider the application and the objection and the responses thereto, if any.

What is the evaluation criteria for licence applications?

The ECB, in considering an application for the issue, renewal, amendment or transfer of a licence, must consider matters or activities which may adversely affect, or result in damage to, the environment or may be detrimental to or adversely affect the rights and operations of other licensees or their customers in their area of operation, weighed against the advantages in general that may be derived from the grant of the application.

- Details of the ability of the applicant to provide an effective service to customers, ability of applicant to provide an affictive service to customers and also whether the grant or refusal of the application in question is in the public interest.

The following information may also be requested from applicants:

- An environmental impact assessment study (EIA) in terms of existing environmental legislation.
- Details of the technical and economic-financial resources available to the applicant to execute the work, to operate the system and to carry out the business to which the licence application relates, substantiated by documentary proof where applicable.

Who grants licenses?

The Board will consider the recommendations made by Management, and must make a recommendation to the Minister of Mines and Energy on whether or not to grant a licence.

If the Minister grants the licence, the ECB will issue the licence subject to such conditions as may be imposed by the Minister. Licence conditions set out the obligations of the licensee to its customers and the ECB with regard to the licensed activity.

Should the Minister refuse to grant a licence, the Minister must provide written reasons for the refusal to the applicant.

How long does a licence remain valid once issued?

Unless sooner cancelled under section 32 of the Electricity Act, 2007, a licence remains valid for such period, not exceeding 50 years, as may be determined by the Minister and stated in the licence. A licence may be renewed from time to time for such further periods as the Minister may determine. In practice, generation licenses will not exceed the term of the power purchase agreement. The licence validity is also subject to the conditions imposed by the ECB for e.g by when a power agreement needs to be reviewed.

Can a licence be transferred, amended or cancelled?

Licence may be transferred or amended, but only with the approval of the Minister, on recommendation of the ECB. An application for the transfer or amendment of a licence follows the same procedure as set out above in respect of a new licence application.

Editorial Note



Drought. Drought. Drought. It's biting, and biting hard. Hardly impossible to ignore. Its impact felt in the pocket, households, offices and boardrooms. Even in Parliament. It's a subject matter that dominates conversations in the Land of the Brave.

Even the BREXIT debate does not come close to it! Oh, hang on, did I hear you mention the Trump campaign? Now wait a minute, I hear a soft voice saying Rio Olympics...South African elections...Zambian elections...Barclays Premier League. Forget it, they don't come close at all!

Ask the politicians, economists, regional and local authorities, traditional authorities, researchers and farmers. Oh...I almost forgot the weekend farmers! They all feel the squeeze, really biting!

I mean, the economy is crying, local authorities battling farmers to chase off their livestock from municipal land, traditional authorities inundated with requests to approach Governors to ask government to buy more land for resettlement, researchers trying to get government's attention on priorities due to El Nino (and its sister, or is it the brother?), COP 21 country commitments etc. The list goes on!

But do you know which other conversation the prevailing drought situation re-activated? Smart consumers. There has been a sustained campaign by consumer rights groups and consumer lobby groups to help Namibians become smart consumers, but with little effect.

Something interesting happened though, amidst the current drought situation. The national water utility and the national power utility announced tariff adjustments and the immediate reaction was: "Huh...this people can't be serious!"

These were followed by tariff adjustment announcements by electricity distributors and an increase in municipal services. The reaction was: "No, this is unfair. Where are we supposed to get money for all these increases?"

You guessed correctly...the answer is: start being a smart consumer! In other words, doing purchases in moderation with the pocket. Yep, one or the other of your usual monthly purchases will have to be trimmed. Maybe grocery? Wait. Wait. How about clothing? Whatever the answer, starting with that fine balancing act sooner rather than later will help.

Oops...I almost forgot, don't forget to add a healthy savings culture. The banks have tried to inculcate this culture amongst consumers, but with little success.

Well, there you have it...the buzzword from now on is: smart consumer!

Before I rest my pen, a new feature - ECB's Corporate Social Responsibility - has been added for your reading pleasure. Aha...I heard that one, growing slowly but surely right? That's the spirit. Hop on, the journey is far from over!

Feel free to speak to us:
Corporate Communications
Electricity Control Board
8 Bismarck Street
PO Box 2923
Windhoek
Tel: +264 61 374 311
Fax: +264 61 374 305
Visit our website: www.ecb.org.na

ESI Forum addresses security of supply



“ We will use Economic Diplomacy to ensure that our country is in a better position than it is right now, especially the aspiration to be energy self-sufficient ”

Key stakeholders in the Namibian Electricity Supply Industry (ESI) namely the Ministry of Mines and Energy, Electricity Control Board, NamPower, NORED, Erongo RED, CENORED and Oshakati Premier Electric organised a forum that took place in August in Windhoek under the theme: "Ensuring Security of Supply Collectively." The ESI Stakeholders Forum takes place every two years. Its objective is to facilitate an exchange of information on issues of mutual concern to all stakeholders and to bring an understanding and improve cooperation between the ESI and the stakeholders/customers.

Speaking at the forum, Mines and Energy Minister Obeth Kandjoze commended the key role players for presenting solutions in line with the country's National Integrated Resource Plan (NIRP).

Kandjoze called for the diversification of energy sources and increase in local generation, to reduce Namibia's reliance on imports. He also called for an increase in resource mapping and to put incentives in place to help people to tap into the balanced and environmentally friendly exploitation of those resources.

"This is more so important given the fact that not everyone can be supplied from the grid due to the sheer size of our country", Kandjoze said.

He implored on the industry to deliver on promises to the Namibian people, business owners and investors, while pledging his Ministry's support towards the Kudu and Baynes projects.

"We will use economic diplomacy to ensure that our country is in a better position than it is right now, especially the aspiration to be energy self-sufficient", Kandjoze stated.

On her part, the Chief Executive Officer of the Electricity Control Board, Foibe Namene, urged the industry to find solutions to deal with efficiency, affordability and access to electricity for the majority of Namibians who do not have access to modern, safe and affordable energy.

"I wish to remind all of us of the introspection, of not only working for the bottom line, but finding solutions to improve access to grid and off-grid connectivity. We should rededicate ourselves to assure not only security of supply but efficient and effective service delivery", said Namene.

Hinda positive about ECB and ESI future

Mines and Energy Minister Obeth Kandjoze appointed Gottlieb Fabianus Hinda as the Chairperson of the ECB Board effective from 14 December 2015. Hinda served on the ECB Board since March 2011 and is a Member of the Board Regulation Committee and Human Resources and Remuneration Committee. He holds a Masters Degree in Business Administration (Finance Specialization) from the University of Stellenbosch in South Africa, where he also obtained a Bachelors (Honours) Degree in Business Administration. In addition to these qualifications, Hinda holds a B.Sc. Agric (Biochemistry) Degree from the University of Natal.



SPARK spoke to Hinda about his vision for the ECB and the Namibian Electricity Supply Industry (ESI).

SPARK: What are the terms of reference as the new chairman of the ECB Board?

Hinda: The objectives of the Board as per the Electricity Act (Act 4 of 2007) are amongst others to:

- a) Exercise control over and regulate the provision, use and consumption of electricity in Namibia;
- b) Oversee the efficient functioning and development of the electricity industry and security of electricity provision;
- c) Ensure the efficient provision of electricity;
- d) Ensure a competitive environment in the electricity industry in Namibia with such restrictions as may be necessary for the security of electricity provision and other public interest; and
- e) Promote private sector investment in the electricity industry, in accordance with prevailing Government policy.

In addition to the above, the current Board will ensure that the ECB renders a service to the Namibian nation in a manner that:

- Complements National Development Plans, including the President's Harambee Prosperity Master Plan;
- Complements the Government's vision of the sector;
- Ensure investment into the sector for security of supply;
- Ensure environmental protection in everything we do, in adherence to Corporate Governance;
- Guides the industry especially in respect of policies and direction; and
- Transforms the ECB in a world class Energy Regulatory Authority.

SPARK: What do you hope to achieve as a Board Chairperson during your tenure?

Hinda: After starting from scratch in 2000 with the gazetting of enabling legislation, the electricity regulator grew to a level where it today enjoys credibility nation-

ally, regionally and internationally. During my tenure as ECB Board Chairperson, I will strive to ensure:

- Ensure security of supply through the creation of an equitable and fair investment environment;
- Ensure fair competition in the industry, leading to affordable tariffs in the end;
- Benchmarking and continuous reference to international best practice;
- Proactive regulatory approach;
- Development and effective implementation of responsive regulatory tools;
- Strengthen industry compliance to regulatory directives;
- Enhance licensee accountability on matters relating to safety, security and quality of supply and service;
- Enhance sector sustainability through cost-reflective tariffs, compliance monitoring and enforcement;

- Enhance internal as well as industry competency levels through supporting capacity building initiatives;
- Enhance the participation of Namibians in the energy industry; and
- Improve the impact and visibility of the ECB.

SPARK: Your appointment as a board comes at a time when surplus electricity in Southern Africa is becoming scarce. How does the ECB Board hope to help the country overcome the problem of scarce surplus power?



“ Since its inception the ECB has issued 35 licences. Of those we expect about 94MW to come online by the second quarter of 2017. ”

Hinda: The shortage of surplus electricity generation capacity in the SADC region took center stage in 2007 and has remained a critical challenge since then due to a number of reasons. Some of them include the high capital costs of new generation plants, scarcity of primary energy sources and the long time it takes to plan, procure, construct and commission new plant.

In an attempt to compliment national efforts towards finding long term solutions to these, the ECB embarked on a number of initiatives. The REFIT program is one such program which is aimed at attracting especially local investors to invest in energy so far the first phase is geared at adding 70MW into the grid by June 2017. The second phase is envisage soon thereafter. Other than the REFIT, we continue to issue licences to investors wanting to invest into plants less than 5MW. Since its inception the ECB has issued 35 licences. Of those we expect about 94MW to come online by the second quarter of 2017.

We have also developed Net Metering Rules. The purpose of the rules is to, amongst others, allow electricity users to use renewable energy generation technologies such as roof top based solar PV and wind energy

systems to offset part of their conventional electricity requirements. Energy produced and not consumed on premises at that specific time may be fed back into the distribution grid and will be used to offset part of the consumer's future energy requirements. The Net Metering Rules are expected to increase the uptake of rooftops thereby contributing to energy efficiency.

In addition to the above, the ECB Board recently approved the project on the development of the National Integrated Resource Plan (NIRP) for the electricity sector. The goal of the NIRP is the identification of the mix of resources for meeting near and long term consumer energy needs in Namibia in an efficient and reliable manner

at the lowest reasonable cost. The NIRP focuses on electricity supply and also takes into account the impact of developing other energy sources and demand side management measures capable of reducing electricity demand in the country. In achieving this goal the following objectives are expected to be accomplished:

- Reduction in the vulnerability of electricity supply to disruptions in supply caused by events outside of the country;
- Increase in diversification, security, reliability and efficiency of electricity supply, including the substitution of electricity by other energy sources such as oil, gas, biofuels and solar in order to improve efficiency;

- Development and implementation of the demand side management measures and programs;
- Minimisation of costs and negative environmental and social impacts of electricity supply;
- Increase in use of local resources for generation of electricity, especially renewable energy;
- Provision of social benefits through increased economic growth, rural electrification and employment; and
- Increase the use of local resources to provide electricity services.

To put the above in context, it should be understood that Namibia, unfortunately remains a net importer of electricity, and the biggest driver of any tariffs is generation cost. Any net importer such as Namibia has no control over the cost of imported energy. In order to supply our demand we have to pay for the import, generation and transmission costs, which has an impact on

the end tariff, NamPower as a utility has to recover those costs. In addition, distribution costs has to be covered as well for the electricity to be made available at our respective places.

Unfortunately those costs will remain until our own power plants that uses local primary resources are built. But we are also confident that as more renewable energy plants are commissioned, reducing the amount of energy we import will mitigate the impact of such cost on tariffs. The substantial shortage of energy in the Southern Africa region at this stage is putting pressure on energy tariffs not only in Namibia but in all of the countries in the SADC region. This situation will prevail, as explained earlier, until enough new generation capacity has been built. In order to address the situation several generation projects are planned in line with the National Integrated Resource Plan (NIRP). Most of these plants will only start generating after 2020 due to construction lead times.

While awaiting the above to come to fruition, the ECB in consultation with Government embarked on two studies a) National Electricity Support Mechanism and; b) a study to improve electrification in Urban and Rural Namibia. These studies are aimed at:

1. Addressing the issue of affordability of electricity to low consuming households. The draft Mechanism is under discussion at the Cabinet Committee on Economic and Trade; and
2. Improving the electrification of urban and rural Namibia, The project is being finalised and the Minister of Mines will soon present it to Cabinet for consideration.

All in all, the ultimate hope is to have a robust energy industry that contributes to national growth, employment and poverty eradication.

SPARK: When will the process to transform the ECB from an electricity regulator into an energy regulator be completed?

Hinda: The transformation has already started within the electricity sector i.e. the restructuring of the Electricity Distribution Industry (EDI) and the introduction of Independent Power Producers (IPPs).

The transformation of the ECB from an Electricity to an Energy Regulator will be achieved through the Namibia Energy Regulatory Authority (NERA) Bill. In terms of this Bill, the new regulator's duty will be to oversee electricity, downstream gas and downstream petroleum in accordance with energy-specific legislation. A major new aspect to be introduced by the Bill is the establishment of a specialised Energy Tribunal in the energy sector. The objective of the Energy Tribunal would be to deal with disputes and appeals lodged under the energy-specific legislation. The NERA Bill is nearing completion and once finalised it will be presented to the Minister of Mines and Energy for approval and tabling before Parliament. The ECB hopes that the legislative process will not be prolonged, and that both the NERA Bill and Electricity Bill will be passed before the end of this year.

Renewable Energy Policy almost ready



The White paper on Energy Policy of 1998 was the first document developed as Government commitment to boost the uptake of renewable energy in the country. However, the absence of a dedicated Renewable Energy Policy has slowed down the development and uptake of renewable energy projects. To rectify matters, various stakeholder workshops were conducted since April this year to solicit inputs in the development of the country's Renewable Energy Policy.

Speaking at the final stakeholder workshop in July in Windhoek, Mines and Energy Minister, Obeth Kandjoze, noted that the drafting of the policy signified a new era where renewable energy targets are set, with an implementation plan, to meet those targets.

Kandjoze said the drafting of the policy was also a reaffirmation from Government that it must reach beyond the current level of renewable energy development, and must take fresh steps to support renewables in a way that is unprecedented in Namibia.

"The Renewable Energy Policy is long overdue and is very important for Namibia to increase the uptake of renewable energy technologies in our energy mix and eventually address concerns of security of supply," said Kandjoze.

According to Kandjoze, Government recognise that renewable energy represents a valuable economic resource for the country. His Ministry's current efforts to complement the implementation of the Renewable Energy Policy include:

1. The review and update of the White Paper on Energy Policy 1998,
2. The development of an IPP Policy, and
3. The review and update of the National Integrated Resource Plan (NIRP).

Speaking at the same occasion, the Chief Executive Officer of the Electricity Control Board, Foibe Namene, stressed that the Renewable Energy Policy came at a critical time where Namibia is in need of sustainable electricity supply, the bulk of which is sourced from the SADC region.

"The Renewable Energy Policy will amongst others complement Government efforts towards addressing Vision 2030, NDP 5 and the Harambee Prosperity Plan," Namene said.

As per the Harambee Prosperity Plan "a shortage of electricity will have a serious and negative impact on Namibian industries, investment attraction, growth and job creation". The Harambee Goal and Desired Outcomes with regard to electricity supply are:

1. Increase in local electricity generating capacity from 400 MW to 600 MW,
2. Provision of electricity to all schools and health facilities by 2020, and
3. Increase in the rural electrification rate from 34 percent to 50 percent by 2020.

Namene is hopeful that the Renewable Energy Policy will lead to a diversified renewable energy mix, which will lead to better livelihoods and give hope to future generations.

IPP and Investment Market Framework review commences

Deliberations on reviewing and updating the Independent Power Producers (IPP) and Investment Market Framework which has been in existence since 2006 have commenced, with multiple stakeholder consultative workshops lined up.

The review is expected to culminate in the development of the National IPP Policy, which will be key for attracting investments in power generation projects, thereby improving security and reliability of supply.

Addressing the first stakeholder consultative workshop in Windhoek in July, Mines and Energy Minister, Obeth Kandjoze, reiterated that it is crucial that the private sector plays an active role in addressing the future electricity needs of the country.

Kandjoze said this will alleviate the funding burden from Government, relieve the borrowing requirements of the national utilities and introduce generation technologies that may not be considered as part of the core generation options, but yet could play a vital role as part of the future electricity supply options, in particular off-grid, embedded or distributed generation and small-scale renewable projects.

"To date only two IPPs are commercially operational. This is a worrisome situation and we are collectively challenged to do better than that," said Kandjoze.

He cautioned that if not addressed, Namibia's reliance on electricity imports from the SADC region can pose security of supply and economic growth challenges.

"Ideally we want a diversified generation mix of technologies that can quickly and efficiently address the country's energy challenges," added Kandjoze.

While appreciating the need to increase the uptake of renewable energy projects in Namibia, the gathering identified the following challenges amongst many others:

- The IPP market in Namibia is rather small although the response is overwhelming,
- Access to the national grid remains a challenge, and
- Lack of centralised database is a serious drawback.

Know your electricity infrastructure: Conductor marking lights



Conductor marking lights are a particular type of aircraft warning lights designed for overhead power lines.

Power transmission on overhead power lines, often suspended between widely spaced masts, represents an almost invisible obstacle to low flying aircraft, requiring the installation of warning beacons on the masts themselves.

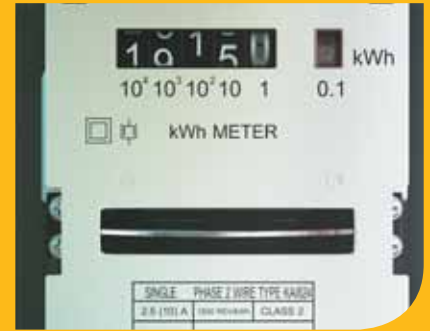
A simple and cost-effective solution to this problem is installing the marking lights directly on the wires. There are significant technical difficulties to a low-cost extraction of power from a transmission system which carries high voltages and wide-range alternating current or AC current.

Moreover the warning system should not add to the existing power transmission lines the burden of additional cabling, with its potential serious isolation problems. These facts rule out the recourse to convention-

ally powered light sources. The ideal warning light must be able to power itself while clamped to a single wire of the line.

Lights may be powered either from the electric field surrounding the energised wire, or the magnetic field produced by current through the wire. The first approach takes advantage of the high electric potential gradient between conductors, but a strong enough capacitive coupling is requested to allow capacitive extraction of the power required from the warning light. This means that long conductors must be suspended parallel to the line using glass/ceramic isolators: in fact several meters of suspended conductor are generally required, total length being inversely proportional to the line voltage. The second approach is based on Faraday's law of induction involving magnetic flux flowing through a circuit which powers the warning light.

Sparked Corner



Question: What is Net Metering and what does it aim to achieve?

Answer: Net Metering means a methodology under which electricity is generated and consumed by a customer-generator and the surplus delivered to the local distribution facilities of a distribution licensee, and may be used to offset electric energy provided by the distribution licensee to the customer-generator during an applicable billing period.

The objectives of Net Metering are:

- the generation of additional power into the national grid, reducing the investment requirements of licensees and conventional independent power producers;
- to allow customer-generators to reduce their imports from distribution networks through generating for own consumption;
- to allow customer-generators to export to the distribution network up to the imports of the customer-generators from the distribution network;
- the promotion of sustainable renewable energy sources, small scale investments, value addition and electricity market development; and
- to contribute towards reducing unemployment.

All distribution licensees must offer Net Metering to customer-generators subject to Net Metering Rules and other applicable laws, rules and regulations of Namibia. All renewable energy technologies are eligible for Net Metering including but not limited to, facilities for the production of electrical energy that uses solar, wind, water, geothermal, biomass, biogas, biofuel, or fuel cell resources.

The on-site generation capacity of each net metered facility must not exceed the main electricity supply circuit breaker current rating converted to the kVA of the facility, which may not exceed 500kVA.

The Rules have been gazette and will be published in the Government Gazette.

ECB's Corporate Social Responsibility

ECB helps young tennis player



Hendrina (second row with red cap and blue skirt) with other participants before the tournament kicked-off.

It was a distress call that was difficult to ignore. Her chances of participating in a regional tournament depended on her getting the much needed sponsorship, and on time.

Armed with courage and confidence, her mother Tusnede Apollus approached the Regulator for help. Realising the predicament that they were in, the ECB responded immediately. Today, both mother and daughter cannot stop smiling when they reflect on the experience.

This is how the relationship between the ECB and young Hendrina Apollus was established. The 12 year old Grade 6 learner from the Amazing Kids Private School and Academy is an avid tennis player, and highly decorated.

On the day her family approached the ECB, she was in urgent need of a sponsor to enable her to travel to Zimbabwe and Botswana respectively for the Junior SADC Regional Tennis Championships. The ECB sponsorship provided for the purchase of tennis gear and covered her travel expenses. Once on the court, Hendrina did not disappoint, proving to be a real Ambassador for her country.

"Your support presented my daughter with the opportunity to further her tennis skills. It has also enriched her character on and off the field, which is invaluable to her future endeavours," the mother exclaimed with joy.

Eenyama Combined School in Ohangwena receives brand new printing and photocopy machine



The Electricity Control Board (ECB) sponsored a brand new printing and photocopy machine worth thirty thousand (30 000.00) Namibian dollars to the Eenyama Combined School, situated in deep rural Ohangwena region.

The school is part of the Eenhana Educational Circuit and has over 300 learners from Pre-Primary to Grade 10 with 15 teachers.

The ECB decided to support the school to complement existing efforts towards

creating a conducive learning environment by improving the quality of educational facilities and materials.

The response is also in line with Government's call for citizens, including corporate citizens, to complement its efforts by providing assistance to the educational sector, in order to improve the quality of education in the country.

ECB Chief Executive Officer, Foibe Namene, handed over the sponsorship cheque.

High-end tablet computers for NUST Masters students

The Electricity Control Board sponsored three high-end tablet computers for a group of Master's Degree students at the Namibia University of Science and Technology (NUST).

The students, Delvin Hambira, Donovan Maasz and Mauritius Hitirakunga embarked on a project entitled: "Co-designing Crowdsourcing Technologies to preserve Indigenous Knowledge with the Otjisa Community" aimed towards preserving indigenous knowledge systems in a digital world in partnership with rural communities.

Otjisa village is inhabited by the OvaHimba people and is situated in the Kunene region.

One of the Otjisa village elders, Uaraieke Mbinge, and his wife, Mukamberenge, played a key role in the research project by co-designing technologies that will be used by the OvaHimba community to preserve indigenous knowledge systems.



Dr. Maxwell Muyambo, Manager for Technical Regulation at the Electricity Control Board (second left, front row) hands over one of the tablet computers to Otjisa village elders Uaraieke and Mukamberenge Mbinge (center, front row). Staff of the Faculty of Computing and Informatics and the three students (back row) witnessed the handover.

Sparky Moments



Oshakati Premier Electric's Abed Sam (center) enjoying the company of ECB's Ferdinand Molale (left) and Dr. Maxwell Muyambo (right).



Chief Seth Matawa Kooitjie of the Topnaar Traditional Authority (front row, left), Chief Petrus Moses Kooper of the /Hai-/Khaua Traditional Authority (center) and Chief Johannes Isaacks of the /Hai-/Khaua Traditional Authority at ECB House after a meeting with the Regulator.



The combined ECB volleyball team in action during the SOEs Games and Fun Day in Windhoek.



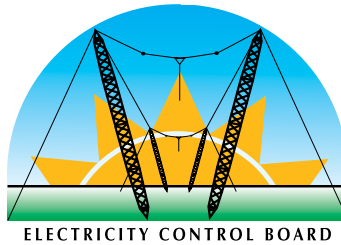
Oshakati Premier Electric's Rautia Mwaala (second from left) in the company of the ECB's Ferdinand Molale, Rojas Manyame and Pinehas Mutota.



The ECB soccer team before a match during the ESI Games held in Windhoek in August.



Deputy Minister of Public Enterprises, Hon. Engel Nawatiseb (seated in the middle) flanked by ECB Board Chair, Gottlieb Hinda, and CEO, Foibe Namene, during a familiarisation visit. Standing are ECB and Ministry of Public Enterprises officials.



30 JUNE 2016
MEDIA STATEMENT

NAMPOWER TARIFF ADJUSTMENT FOR THE FINANCIAL PERIOD 2016/2017

MEMBERS OF THE MEDIA,
COLLEAGUES,
LADIES & GENTLEMEN

It is my honour to announce that the Board of Directors of the Electricity Control Board (ECB) approved NamPower tariffs for the financial period 2016/2017.

1. MANDATE AND PROCESS FOLLOWED

In accordance with the existing legal provisions, section 27 (2) of the Electricity Act (Act 4 of 2007): "The Board may from time to time, upon application by a licensee, revise the Schedule of Approved Tariffs of the licensee concerned and may require the licensee to submit such information as the Board may require for that purpose".

Tariff reviews are conducted in accordance with a 2005 Cabinet decision (decision number 21/20.09.05/006) that resolved that NamPower tariffs should reach and remain cost reflective by the financial period 2010/2011, which target period was revised to the financial period 2011/2012.

The drive towards cost-reflective tariffs remains a top priority for member regulators in the Southern African Development Community (SADC) region. Originally, SADC had tasked its member states to adopt cost reflective tariffs by 2013, the target was revised to 2019 at the SADC Energy Minister Meeting held on 24 July 2015 in Johannesburg.

The ECB made a decision after conducting due regulatory process which included inviting stakeholders to attend NamPower's tariff presentation and thereafter to submit their written comments and input. This was done to afford interested and affected stakeholders the opportunity to present their views facts and evidence.

2. TARIFF APPLICATION

NamPower made an application to the ECB in terms of section 27 of the Electricity Act, (Act 4 of 2007). In its application, NamPower requested for an effective bulk tariff increase of 31.24%, an increase from N\$ 1.28 to N\$ 1.68 per kWh (inclusive of generation and transmission) for the financial period 2016/2017, to meet its service delivery costs and for the tariff to remain cost reflective.

The tariff review process conducted by the ECB, leading to the approval of the tariff adjustment entails the following:

3. NAMPOWER'S JUSTIFICATION

The following reasons were provided by NamPower to justify the requested tariff increase:

- Application for cost reflective tariffs now and in the future to sustain a going concern amidst the challenges of ensuring a least cost supply portfolio as well as the capital expansion required to ensure the realisation of Vision 2030 supported by the Electricity Supply Industry.
- Increased cost of supply largely due to an unexpected depreciation of the Namibia Dollar against the US Dollar.
- Not to breach NamPower's Debt Service Cover Ratio and Net Debt to Earnings before Interest, Taxes, Depreciation and Amortisation (EBITDA) minimum thresholds and ultimately avoiding defaulting on its loan covenants.
- The proposed tariff increase makes provision for the year on year revenue requirement

of NamPower, taking only actual costs and losses into account.

4. PRINCIPAL FACTORS CONSIDERED BY THE ECB

The tariff application review process included the following:

1. Analysing NamPower's submission in accordance with the approved ECB Cost-Plus Tariff Methodology, Regulations, Rules and Government Policies;
2. Considering Cabinet decision number 21/20.09.05/006, which resolved that NamPower tariffs should reach and remain cost reflective by the financial period 2010/2011. This decision was revised in 2009 and the agreed target date for reaching cost reflectivity was the financial period 2011/2012.

In terms of this Cabinet decision the ECB has been granting NamPower real tariff increases from 2005 onwards to ensure that cost reflective tariff levels were reached by 2011/2012 and subsequently sustained beyond that period;

3. The decision taken by the Southern African Development Community (SADC) Council of Ministers responsible for Energy at its meeting held in Lusaka, Zambia in February 2008, resolved that Members States should adopt cost reflective tariffs by 2013, the target was revised to 2019 at the SADC Energy Minister Meeting held on 24 July 2015 in Johannesburg, South Africa.
4. Conducting information sharing sessions. The purpose

of these sessions was to share information and solicit stakeholders' input on the NamPower application;

5. Taking into consideration expectations of key stakeholders including Government and the possible tariff impact on the consumers and the Namibian economy;
6. An amount of N\$ 50 million made available by the Ministry of Mines and Energy through the National Energy Fund – Electricity Levy to relieve consumers from high tariff increases thus contributing to the overall reduction of the anticipated increase in tariffs. The amount will be allocated to NamPower to cover part of the energy cost denominated in US Dollar currency to cushion the impact of the currency fluctuation to the end users.
7. The challenge posed by volatile import electricity prices, depreciation of the Namibia Dollar against US Dollar and the impact of these on cost reflectivity.
8. The need to create and maintain a conducive environment to attract investment in the energy sector and to stimulate economic growth;
9. The need for NamPower to sustain its operations and service delivery in the short, medium and long term, enhance greater efficiency and seek innovative solutions;
10. The challenge posed by the prevailing drought weather conditions and the slowing down of some of the major industries such as mining and agriculture in the local economy.

5. TARIFF REVIEW OUTCOME

Based on Government policies, regulatory rules and principle factors highlighted above and the feedback from stakeholders, the ECB analysed and reviewed the NamPower tariff application.

The ECB Board approved a 16.71% tariff increase, this translate to an effective bulk tariff increase from N\$ 1.28 to N\$ 1.49 per kWh. It is worth mentioning approximately 8% of the approved increase is due to the depreciation of the Namibia Dollar against the US Dollar. The increase would suffice for NamPower to cover its allowed operating costs, keep the lights on and fulfil its financial obligations. The approved tariff adjustment is effective 01 July 2016.

The approved effective tariff adjustment of 16.71% for the financial year 2016/2017 is intended to ensure that NamPower can sustainably provide for the future electricity needs of the nation. The increase is applicable to NamPower bulk customers i.e. Regional Electricity Distributors (REDs), Local Authorities, Regional Councils and Mines. Respective bulk customers (Distributors) will individually apply to the ECB for tariff increases that will be applicable to end consumers.

6. ELECTRICITY SUPPLY FUTURE OUTLOOK

Namibia continues to import a large share of electricity, at times importing up to 70% of electricity requirements from the SADC region depending on the availability of water at the Ruacana Power Station.

In addressing the above and in our quest to move away from dependency and increase internal generation and ensure security, Government has embarked on the development of the National Integrated Resources Plan (NIRP), Energy Policy, Independent Power Producer (IPP) Policy Renewable Energy Policy to ensure that new generation projects are brought on line in a coordinated manner. Programs such as Interim Renewable Energy Feed In Tariffs (REFIT) (70MW), Hardap Solar PV Tender (37MW), and several unsolicited projects (64MW) will bring in an additional capacity of more than 150MW to the grid.

As a result the ECB is pleased to announce that 14 Independent Power Producers (IPPs) have signed Power Purchases Agreements (PPAs) with NamPower to supply a total of 70MW of renewable energy in the next 18 months.

The 14 IPPs will invest a combined total amount of approximately N\$ 1,6 billion in the Electricity Supply Industry and ultimately the Namibian

economy. In fact the ECB is informed that HopSol Otjozondjupa being the first of the 14 IPPs has commenced operation since 28 June 2016.

The ECB is therefore cognisant of the fact that a stable supply of electricity and the security of supply is crucial to power the economic growth going into the future, but the ECB is also aware that tariff increases has an impact to the Namibian nation at large.

In mitigating the impact of high electricity tariffs and improving electrification in Namibia, the ECB in conjunction with the Ministry of Mines and Energy developed two national support mechanisms.

1. National Electricity Support Tariff Mechanism

Intended to make electricity affordable through a subsidized tariff to household consumers on connection capacity below 15 Amps.

2. National Support Mechanism for improving Rural and Urban Electrification

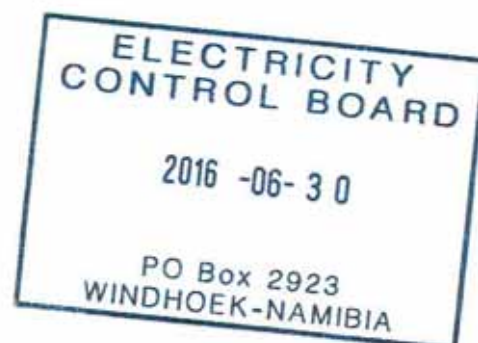
Intended to assist distribution licensees to substantially electrify households in urban and rural Namibia. The mechanism will complement the efforts of the Ministry's rural electrification program and its targeting full electrification for the country within a period of ten years.

The mechanism are approved by the Minister of Mines and Energy and submitted to Cabinet for endorsement. The ECB remain confident that the mechanisms will contribute to the aspirations of our national development programs including the Harambee Prosperity Plan.

I THANK YOU



Foibe L Namene
Chief Executive Officer





Vision

" To be recognised as a leading regulator for achieving optimum viability and competition in the Namibian energy industry."

Mission

" To regulate and control the Namibian ESI in the interest of all stakeholders with regard to price, quality and reliability."

- 1. Professionalism:** To conduct every task to a standard of excellence and maintain the highest level of technical competence and personal integrity / efficiency so as to ensure the satisfaction of all stakeholders.
- 2. Integrity:** To be accountable and act in accordance with government policy and accept full responsibility for all outcomes; to be transparent, open, honest and fair in all dealings and communications with stakeholders.
- 3. Innovation:** To innovate through learning, teamwork and knowledge sharing in order to remain competitive in the market and to continue to deliver excellent service.
- 4. Sustainability:** To ensure the endowment of Namibia's energy resources are available to present and future generations by considering our economic, environmental and social responsibility.