



MEDIA STATEMENT

DISTRIBUTION LICENSEE'S TARIFFS REVIEW UPDATE FOR THE FINANCIAL PERIOD 2023/2024

1. TARIFF APPLICATION

In May 2023, the Electricity Control Board announced an increase of 8.97% for NamPower's bulk electricity tariff (inclusive of generation and transmission), resulting in an increase from an average N\$ 1.82 per kilowatt hour (kWh) to N\$ 1.99 per kilo watt-hour for the financial period 2023/2024, effective 01 July 2023.

The NamPower tariff increase announced in May 2023 is an average increase. The NamPower tariff only impact 70% of the distribution costs while 30% is costs related to the different licensees. Tariff application by the distribution licensees will mainly be linked to operational efficiencies of the specific licensee including the level of cost reflectivity of their tariffs.

The above-mentioned average approved tariff is applicable to NamPower bulk customers (i.e., Regional Electricity Distributors (REDs), Local Authorities, Regional Councils and Mines). In accordance with the legal provisions about 50 distribution utilities including Regional Electricity Distributors (REDs), Local Authorities, Regional Councils and Farmer Schemes are required to apply to the ECB for a review of their distribution tariffs, which when approved will be applicable to end consumers effective 01 July 2023.

2. TARIFF REVIEW PROCESS

Annual electricity tariff reviews are conducted to ensure that utilities charge appropriate tariffs to collect enough revenue to cover costs and provide reliable and efficient services at affordable cost-effective rates. In addition, the reviews are conducted to ensure that electricity consumers pay the appropriate tariffs for electricity supplied.

All distribution utilities were urged and formally requested to apply for their annual tariff reviews before end May 2023. Utilities that do not apply for tariff adjustments in time to coincide with the implementation of the bulk tariffs which is effective 01 July 2023, will lose revenue because they will be selling electricity based on outdated tariffs while purchasing on new tariffs, especially pre-paid revenue that is collected through pre-paid sales.

The above practice by distribution utilities in not financially sustainable and it affects their financial ability to honour NamPower's bills, it further affects service delivery.

The following utilities applied in time (before end May 2023) for the following increase and approval was granted respectively.

	Licensee	% Application	% Approved	Effective date for Post paid	Effective date for Pre paid
1	Erongo RED	9.1	9.0	01 July 2023	01 July 2023
2	CENORED	7.6	7.6	01 July 2023	01 July 2023
3	NamPower Distribution	11.2	9.2	01 July 2023	01 July 2023
4	NORED	10.5	9.8	01 July 2023	14 July 2023
5	Omaheke Regional Council	3.5	3.3	01 July 2023	13 July 2023
6	Okahandja	8.0	7.3	01 July 2023	01 July 2023

Please note that the tariff increases requested by the licensees differ due to the different cost structures per licensee.

The following licensees were received after end June 2023, and the review is ongoing and will be finalised by 21 July 2023.

	Licensee	% Application
1	City of Windhoek	14.0
2	Kalkrand Village Council	25
3	Keetmanshoop Municipality	8.0
4	Mariental Municipality	9.9
5	Osire Power	12.3
6	Oshakati Premier Electric	10.0
7	RoshSkor Township	11.0

All other licensees (around 37) that have not yet applied for the review of their tariffs are reminded to apply to the ECB. If no applications are received by end July 2023, the ECB will review using its own available data for each licensee and issue revised tariffs by end August 2023 to all licensees that have not yet applied. All licensees are required to implement tariffs as approved by the ECB.

In reviewing the tariff, the ECB considers several factors, including the impact of the tariffs on the Electricity Supply Industry, consumers, and the economy at large. In particular, the current economic climate is considered. The ECB is cognisant that prices of goods and services have been increasing, which negatively affect consumers. Equally important, is that the applicable tariffs are reflective of the cost of providing electricity. It is therefore important that the tariffs are reviewed and correctly implemented annually.

3. CONCLUSION

The Electricity Control Board is cognisant of the fact that the economy is depressed but is equally dependent on reliable and affordable electricity supply. It is, therefore, the responsibility of the Regulator to ensure a sustainable electricity industry at affordable tariffs. The ECB will continue to


Robert N. Kahimise
Chief Executive Officer

