



Republic of Namibia



Ministry of Mines and Energy

16 November 2023

“Towards a reliable, sustainable and efficient electricity distribution industry”





History of EDI Reform in Namibia

- ❑ White Paper on Energy Policy 1998 – identified the need for reform
- ❑ ESI Restructuring Studies 1998 – 2000
- ❑ Cabinet decision 2000 – establish REDs
 - Voluntary process
 - Must be viable entities, owned by contributors
- ❑ 2014 summit
 - Establish a Central RED and a Southern RED
 - Address Local Authority Funding
 - Investigate NamPower participation in distribution
- ❑ NEP 2017, Policy Statements P3
 - Complete the EDI reform
 - Implementing the 2014 summit resolutions
 - Establishment of a Central RED and a Southern RED



Why the Electricity Industry Reform must continue

- ❑ Electricity is a key ingredient of economic development and industrialization.
- ❑ This requires a stable and reliable electricity supply and distribution network.
- ❑ The current RED status quo is incomplete, not sustainable and thus requires improvement.
- ❑ The purpose of the Electricity Distribution Industry (EDI) reform is to ensure viable electricity supply to power the economy toward industrialization.



Key Milestones of the EDI Reform

- ❑ NORED established on Northern Electricity contract expiry in 2000/2001
- ❑ ECB introduced LAS methodology in 2004
- ❑ ErongoRED and CENORED established in 2005
- ❑ Process stalled after 2005 – unresolved issues remain:
 - Different opinions on legal framework
 - Local authority funding
 - Other factors



EDI Challenges and How to Address them

Problems Experienced

Electricity tariffs often too low, in some cases do not even cover the cost of NamPower, threat of NamPower cut-off

Low standards of quality of service and supply, struggle to connect new customer

Different tariff structures confuse customers and are unfair

Poor debt collection

Rural areas – no investment outside rural electrification programme

How REDs address the problem

RED tariffs determined on a commercial basis sufficient to maintain the infrastructure and provide acceptable levels of customer service. No NamPower cut-offs.

REDs have uniform tariff structures within their geographic area

REDs spend much effort and money on improving quality of service and supply, connect customers

REDs have better debtors management than most local authorities

REDs include rural areas and offer equal service and investment in urban and rural areas



Key Challenges and Concerns

- Local Authority Surcharge
- NamPower's shareholding in REDs
- Cherry picking/ Islands
- High electricity tariffs
- Aging infrastructure
- Connection Charge Policy
- Growing NamPower debt



Implications of Doing Nothing

- ❑ NamPower cut-offs will continue
- ❑ Networks in many LA/RC will keep deteriorating until collapse or bail-out
 - GRN bailouts to small LA and RC
- ❑ Quality of supply will deteriorate
- ❑ Safety will continue to be a concern
- ❑ Skills shortages will continue
- ❑ Economic growth and industrialisation will suffer due to an unreliable electricity supply
- ❑ Development in rural areas will suffer



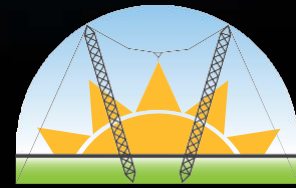
THANK YOU



Ministry of Mines
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Ministry of Urban and
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ELECTRICITY CONTROL BOARD