



**22 APRIL 2020**  
**MEDIA STATEMENT**  
**NAMPOWER TARIFF APPROVAL FOR THE FINANCIAL PERIOD 2020/2021**

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The Board of Directors of the Electricity Control Board (ECB) met on 09 April 2020 to deliberate on the review of NamPower's bulk tariff application for the period 2020/2021.

**1. TARIFF APPLICATION**

In accordance with the existing legal provisions, NamPower submitted a tariff application for an effective bulk tariff (inclusive of generation and transmission) increase of 3.9%, an increase from an average N\$ 1.65 per kilowatt-hour to N\$ 1.71 per kilowatt-hour for the financial period 2020/2021.

**2. TARIFF REVIEW PROCESS**

Annual electricity tariff reviews are conducted to ensure that utilities charge appropriate tariffs to collect enough revenue to enable reliable and efficient operations at affordable rates.

A stakeholder meeting intended for NamPower to make a presentation on its application to stakeholders was cancelled in accordance with Government directive suspending all public gatherings on account of the COVID-19 pandemic. As a result, stakeholders were requested to present their views, facts, and evidence on the tariff application via e-mail. Comments submitted by stakeholders were considered in the decision-making process leading to the tariff approval.

In determining the tariff, the ECB considered several factors, including the impact of the tariffs on the Electricity Supply Industry, consumers and the economy at

large. In particular, the impact of the COVID-19 pandemic on the industry and the consumers as well as the current economic climate.

### **3. TARIFF REVIEW OUTCOME**

Based on the available facts and evidence, the Electricity Control Board resolved that the average tariff will not change and therefore will remain at N\$ 1.65 per kilowatt-hour for the period 2020/2021. The approved tariff is applicable to NamPower bulk customers (i.e. Regional Electricity Distributors (REDs), Local Authorities, Regional Councils and Mines).

In order to mitigate the impact of the tariff on consumers and the economy, especially during times when the economy is struggling, the ECB allowed an amount of N\$ 50 million from the Long Run Marginal Cost (LRMC) fund. The amount will be used by NamPower to supplement fuel costs for Van Eck and Anixas Power Plants or procure emergency energy if necessary.

Due to the current depressed economic situation, no LRMC was provided as part of the tariff for the period 2020/2021. The ECB will in future consider reinstating the recovery of the LRMC.

Distributors will individually apply to the ECB for a review of their tariffs, which when approved will be applicable to end consumers. As part of the discussions with the Minister of Mines and Energy, the Ministry availed N\$ 15 million through the National Energy Fund (NEF), to mitigate the potential impact of an increase on distribution tariffs.

The approved tariff adjustment is effective from 01 July 2020.

### **4. CONCLUSION**

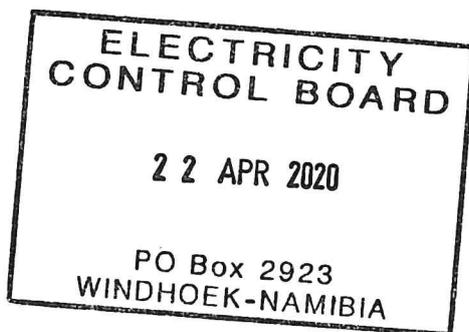
The Electricity Control Board is cognisant of the fact that the economy is affected by the COVID-19 pandemic but is equally dependent on reliable and affordable electricity supply. It is, therefore, the responsibility of the Regulator to ensure a sustainable electricity industry at affordable tariffs.

Future tariffs are expected to increase in line with inflation and to cater for new generation as per the National Integrated Resource Plan. External factors such as the weather, foreign exchange fluctuation and other unforeseen circumstances will be taken into consideration.

On the implementation of the Modified Single Buyer (MSB) Market Model, the Market Rules have been finalised and submitted for legal drafting and gazetting. However, it should be noted that the MSB Model has been operational since September 2019 and ready to accept participants in the market.



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