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## Electricity UP 13,2%

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### **NAMIBIANS will have to pay 13,2 per cent more for electricity this winter.**

Only last year, the price of electricity was ramped up by 10,2 per cent - meaning that the cost of powering your home has gone up 23,4 per cent in just one year.

The Electricity Control Board (ECB), the country's regulator in the power industry, has approved NamPower's request to increase its bulk tariffs.

"The ECB has reviewed and analysed financial and operational background data of the regulated business units of NamPower," ECB boss Dr Siseho Simasiku announced in a statement yesterday.

"We had the opportunity to hear a detailed presentation by NamPower justifying and backing their requested tariff increases."

He recalled that in 2005 Cabinet decided that NamPower tariffs had to reach "cost reflectivity" by the financial year 2010-2011.

Cost reflectivity means that the power utility is allowed by the regulator to recover all the costs of supplying electricity, including all operational, administrative and customer care expenses.

**PLUGGING IN TO ZIMBABWE** Despite citing cost constraints, NamPower nonetheless found US\$40 million (about N\$280 million) to refurbish an ageing power plant at Hwange in north-western Zimbabwe - in return for a five-year electricity supply of 150 mega watt (MW) once the renovations are completed by 2008.

The deal was announced during President Robert Mugabe's state visit to Namibia last month.

Zimbabwe has reportedly failed to pay South Africa's Eskom for electricity imports.

Namibia says the large tariff increase has been influenced by, among others, the prevailing power shortage in southern Africa and "unfavourable arrangements with South African power utility Eskom", from where Namibia imports about 50 per cent of its electricity.

In terms of a new purchase agreement, from July onwards NamPower will pay more for Eskom power than it does under an existing 10-year contract.

Simasiku justified the ECB's approval of the substantial price hike by saying it was "to ensure that NamPower can provide in the future energy needs of the nation".

"There is a clear need for investment in electricity generation in order for Namibia to become self-reliant in meeting local electricity demand," the ECB said in its statement yesterday.

'WIRED FOR INVESTMENT' It described the current prices as low, and "not cost reflective ...

Namibia will not be in a position to attract investors to invest in new electricity generation projects, as cost reflectivity is a prerequisite for private investors - therefore, electricity tariff increases are imminent," the ECB stated.

In addition, there was a need to provide for future electricity networks and generation expansions, "to alleviate possible future price shocks to consumers", the ECB said.

The tariff hikes are for bulk customers like municipalities, which then usually increase their tariffs to individuals and companies by mid-year.