

## LEGAL NOTICE NO. 136 OF 2009

**Lesotho Electricity Authority (Electricity Price Review and Structure) Regulations, 2009**

Pursuant to section 112 of the Lesotho Electricity Authority Act, 2002<sup>1</sup>, I

**MONYANE MOLELEKI**

Minister of Natural Resources, make the following Regulations:

**Citation and commencement**

1. These Regulations may be cited as the Lesotho Electricity Authority (Electricity Price Review and Structure) Regulations, 2009, and shall come into operation on the date of publication in the Gazette.

**Interpretation**

2. In these Regulations unless the context otherwise requires -

“the Act” means the Lesotho Electricity Authority Act, 2002;

“the Authority” means the Lesotho Electricity Authority established pursuant to section 3 of the Act;

“licensee” means the holder of a licence to generate, transmit, distribute, supply or import or export electricity granted under section 50 of the Act;

“licensed activities” means the activities which a licensee is authorised to carry out in terms of a licence granted by the Authority;

“network” means the system of lines and plant for the conveyance of electrical energy from a generating station for the purpose of supplying electricity to customers.

**Periodic review of prices for electricity**

3. (1) The Authority shall ensure that all supply, distribution and transmission licensees other than licensees who are licensed to supply and distribute for the purposes of new area electrification shall, according to charge

restrictions conditions contained in their licences, adjust their prices charged for electricity supply, distribution or transmission.

(2) The charges referred to in subregulation (1) shall be framed in such a way that the revenues earned through tariffs shall be sufficient to allow the licensee to cover the efficiently incurred operating costs of his licensed activities and to earn a reasonable return on investments made in respect of those licensed activities.

(3) The Authority shall review the charges referred to in subregulation (1) at periodic intervals and set revised charge restrictions to ensure that the objectives of subregulations (2) continue to be met.

(4) The Authority shall, in determining whether charge restrictions require to be modified, take into account the following:

- (a) the extent to which the licensee has been able to finance its licensed activities, including any surplus in the period of the current charge restrictions;
- (b) the extent to which the underlying costs of carrying out the licensed activities have changed since the time of setting the current charge restrictions;
- (c) the extent to which the costs of carrying out the licensed activities is likely to alter materially during the period of the next charge restrictions;
- (d) the requirements of licensed activities in respect of operating and capital expenditure during the period of the next charge restrictions; or
- (e) any other material factors which the Authority considers appropriate in determining the revenue requirements of the licensee in the coming charge restrictions period.

(5) The Authority shall undertake the review of charge restrictions in an open, consultative and transparent manner so that interested parties have

the opportunity to make representations in respect of the charges and their effect.

(6) The Authority shall request a licensee, in writing, to submit financial and other information that the Authority may consider necessary for the purposes of the review of charge restrictions in the format established by the Authority for that purpose.

(7) Information submissions done pursuant to subregulation (6) shall be made by the licensee to the Authority within three calendar months of receipt of the notice referred to in Regulation (6) above.

(8) A licensee shall co-operate fully with the Authority in providing such explanation, clarifications and further analysis as may be reasonably required by the Authority to gain a full and necessary understanding of the material facts of the licensee's submission.

(9) The Authority shall publish interim proposals for modification of the licence charge restrictions outlining the form, duration and material effect of the charge restrictions not later than ten months prior to the date on which the revised charge restrictions are due to come into force.

(10) Licensees may make representations to the Authority within a period not less than twenty eight days on interim proposals published by the Authority.

(11) The Authority shall publish final proposals in respect of the modifications referred to in subregulation (10) not later than eight months prior to the date on which the revised charge restrictions are due to come into force and shall, in framing those final proposals, take into account representations received in respect of the draft proposals for modification.

(12) In response to the final charge restrictions agreed upon in sub-regulations (11) an electricity service provider shall file revised tariffs with the Authority.

### **Structure of electricity tariffs**

4. (1) Prices charged for electricity supplied to customers shall be so framed by the licensee as to reflect the appropriate costs of providing such supply to such customers or to classes of customers.



(2) A licensee shall initiate a review of the structure of prices charged for electricity supplied to customers or at the direction of the Authority.

(3) Any changes to the structure of prices charged for electricity that the licensee proposed to make following the review in terms of Regulation (2) shall be submitted to the Authority for approval.

(4) The Authority shall review the structure of charges proposed by a licensee and in determining whether or not to approve the proposals, take into account the following:

- (a) the impact on final customers or classes of customers of the proposed change in structure of charges;
- (b) the extent to which the proposed change in structure may be expected to lower the overall cost of supply to the licensee; and
- (c) the balance of its duties under the Act.

(5) The Authority may, in approving a proposed change in the structure, give consent to a licensee to allow a class of customers to subsidise or continue to subsidise any other customer or class of customer where, in his view, such subsidy is in the best interests of customers generally.

#### **Structure of charges to customers for connection to a licensee's network**

5. (1) A licensee shall frame and set prices charged to customers or to classes of customers for connection to a licensee's network at such a level by the licensee as to reflect the appropriate costs of making such connection to such customers.

(2) A licensee shall initiate a review of the structure of charges and the level of charges for connection at the direction of the Authority.

(3) Any changes to the structure of charges and the level of charges made for connection that the licensee proposes to make following the review in terms of Regulation 5(2) shall be submitted to the Authority for approval.

(4) The Authority shall review the structure of charges and the level of charges proposed by a licensee and shall in determining whether or not to approve those proposals, take into account -

- (a) the impact on final customers or classes of customers of the proposed change in structure and level of connection charges;
- (b) the extent to which the proposed change in structure or level would facilitate access to electricity; and
- (c) the balance of its duties under the Act.

(5) A licensee shall put in place payment arrangements to facilitate the ability of potential customers to afford to be connected to the licensee's system:

Provided that the Authority approves such arrangements.

(6) The Authority may, in approving a proposed change in structure or in level of charge, give consent to a licensee to allow any class of customer to subsidise or continue to subsidise any other customer or class of customers where, in his view, such subsidy is in the best interests of customers generally.

**MONYANE MOLELEKI**  
**MINISTER OF NATURAL RESOURCES**

**NOTE**

1. Act No. 12 of 2002

