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## **MEDIA STATEMENT**

**29 April 2016**

### **LESOTHO ELECTRICITY AND WATER AUTHORITY'S (LEWA) DECISION ON LESOTHO ELECTRICITY COMPANY'S (LEC) TARIFF REVIEW APPLICATION FOR 2016/17**

The Lesotho Electricity and Water Authority (LEWA) Board, at its meeting held today, Friday 29 April, 2016, and based on the available information and analysis of LEC's application, the submissions from stakeholders, reasons, facts and evidence provided, approved that:

- a) Energy Charges (including levies) be increased by an average of 12.2% -12.4% depending on customer categories, with effect from 1<sup>st</sup> May, 2016;
- b) Maximum Demand charges for industrial and commercial customer categories be increased by an average of 12.6% effective from 1<sup>st</sup> May 2016;
- c) The current charges for connection, wiring testing, wiring re-testing, survey, re-survey, licensing for wiring and meter testing remain unchanged;
- d) LEC is not allowed any return on investment for 2016/17 due to non-compliance with regulatory instruments and the Authority's directives; and
- e) LEC be allowed a revenue requirement of M755.32 million (as opposed to M819.54 million requested by the Company) for the financial year 2016/17.

The approved revenue shall amongst others:

- Cover the bulk costs of M367.2 million from suppliers;
- Cover repair and maintenance costs of M31.4 million and M1.73 million for fuel and oil generator at Semonkong; and
- Depreciation of M100.00 million

On 12 February, 2016, LEC submitted a Tariff Review Application requesting a 25.4 % increase on both Energy and Maximum Demand (MD) charges which the Company stated would result in a revenue requirement of M819.54 million. The Company requested no changes in connection, wiring testing, survey and licensing, amongst other charges, for the financial year 2016/17.

In terms of Section 24(6) of the LEA Act 2002 as amended, the Authority embarked on a public consultation process wherein the public was notified of LEC's application in the local newspapers, television, radio programs and notices. Three (3) public hearings were held in Quthing, Butha-Buthe and Maseru where stakeholders were given an opportunity to present their views and LEC made presentations and responded to public comments.

From its detailed analysis of LEC's application, the Authority found the request for 25.4% tariff increase and the revenue requirement of M819.54 million inadequate and unjustified.

The approved 2016/17 detailed tariffs for electricity are reflected in Annexure 1 attached to this statement.

The detailed tariff determination outlining the reasons for the decision will be made available on the LEWA website at [www.lewa.org.ls](http://www.lewa.org.ls), LEWA offices and District Administrators offices in due course.

**Ends.**

**Issued by :**

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## Annexure 1

**Table 1: Approved LEC Energy Charges for 2016/17 by the LEWA BOARD**

Customer Categories	Current Energy Charge excluding levies (M/kWh)	Approved percentage change (%)	Approved Energy excluding levies Charges (M/kWh)	Adding Customer Levy @M0.0423/kWh (M/kWh)	Adding Rural Electrification Levy @M0.02/kWh large customers and @M0.035/kWh for others (M/kWh)	Final Approved Energy Charge (%)	Current Energy Charges including levies (M/kWh)	Final Approved Tariff Percentage increase (%)
Industrial HV	0.1595	12.6%	0.1796	0.2219	0.2419	0.2419	0.2155	12.3%
Industrial LV	0.1766	12.6%	0.1989	0.2412	0.2612	0.2612	0.2326	12.3%
Commercial HV	0.1595	12.6%	0.1796	0.2219	0.2419	0.2419	0.2155	12.3%
Commercial LV	0.1766	12.6%	0.1989	0.2412	0.2612	0.2612	0.2326	12.3%
General Purpose	1.3043	12.6%	1.4688	1.5111	1.5461	1.5461	1.3753	12.4%
Domestic	1.1539	12.6%	1.2994	1.3417	1.3767	1.3767	1.2249	12.4%
Street Lighting	0.6550	12.6%	0.7376	0.7799	0.8149	0.8149	0.7260	12.2%

**Table 2: Approved LEC Maximum Demand Charges for 2016/17 by the LEWA BOARD**

Customer Categories	Current Maximum Demand Charge (M/kVA)	Percentage Change (%)	Approved Maximum Demand Charges (M/kVA)
Industrial HV	224.7040	12.6%	253.0388
Industrial LV	262.4547	12.6%	295.5498
Commercial HV	224.7040	12.6%	253.0388
Commercial LV	262.4547	12.6%	295.5498

**The figures in Tables 1 and 2 exclude VAT**