



**Erongo Regional Electricity Distributor Company (Pty) Ltd
(Reg. No. 2004/074)**

**PRESS RELEASE 3/2010
9 July 2010**

Erongo RED informs about new tariffs and new project updates

Walvis Bay:

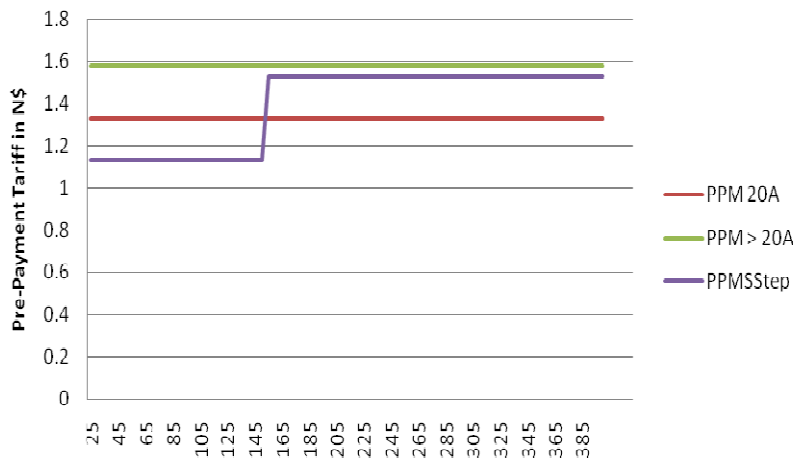
On Friday 9 July 2010 Erongo RED, the leading electricity provider, held a press conference at their Board Room in Walvis Bay. The press conference had been called to inform the public of the Erongo RED tariffs for 2010/2011 while at the same time highlighting some of the major current ongoing projects and projects that are in the pipeline.

Erongo RED CEO Gerhard Coeln, who led the media conference, said that in line with the objectives the new tariffs have been approved by the Electricity Control Board, ECB. The average increase in the tariffs is 20%. Comparative tables were presented showing how the components of the tariffs had changed. The main changes to the tariff structure are the introduction of a stepped tariff for 20 Amperes prepayment customers, the split of the current demand charge on bulk customers into "Network Access Charge" plus a variable "Demand Charge" and the application of a minimum Local Authority Surcharge of 5 cents/kWh for those Local Authorities that had historically received less or no surcharge.

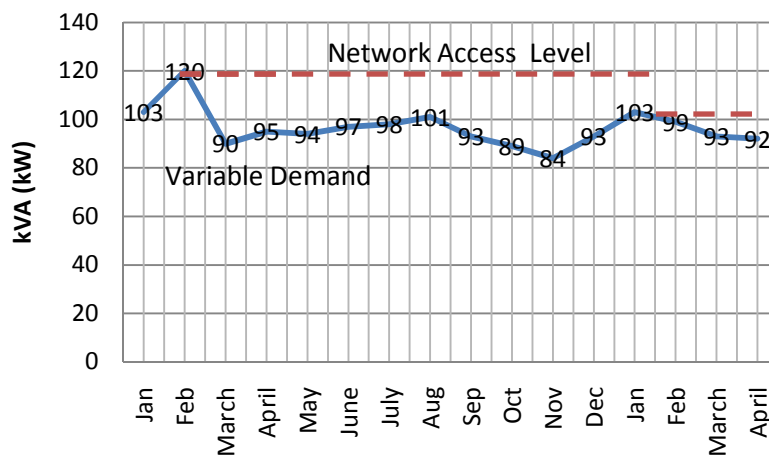
Typical electricity saving tips are the reduction of the hot water geyser temperature to 55 degrees, installation of a geyser blanket, using energy saving light bulbs, solar geysers and evaluation of reduction of the size of the circuit breaker (main switch).

The introduction of the new approach towards 20 Amperes pre-paid metering stepped tariff available in the Erongo region includes social subsidised rates for units used below the historic average of 150 units is intended for the low income and low consumption customers. These customers can save up to 40 cents per unit if they reduce their consumption to 150 units or less every month.

20A Pre-Payment Tariff as Consumption Varies



Network Access Charge



The offer to exchange 20A small-consumers tariff (no basic) connections to 20 Ampere pre-paid free of charge subject to certain terms and conditions, is intended for the many small consumers that have low consumption of electricity and pensioners.

It is a well known fact that the Erongo Region is experiencing significant economic growth, largely as a result of industrialised development associated with an upsurge of the mining sector, housing provision, port expansion, and increase in water supply.

Over the last two years in June the electricity consumption in the Erongo Region has increased by 5.6% and peak demand has increased by 8.6%, thus Erongo RED had to prepare for the increase in bulk supplies to customers throughout the region.

The bulk upgrades along the coast will increase capacity as follows:

	FROM	TO	PROJECTED COMPLETION DATES
WALVIS BAY	40 MVA	80MVA - firm	END 2012
HENTIES BAY	5 MVA	8 MVA	END 2010
SWAKOPMUND	19.4 MVA	30 MVA - firm	MID 2012

Besides the bulk supply upgrades above, Erongo RED has been necessitated to plan for the increase in bulk supply for Arandis, Uis, Omaruru, the Central Namib water pumping scheme, Karibib and Usakos; upgrade of internal networks within the towns, purchase of head quarters building, expansion of the control centre, development of a call centre, vehicle tracking, and projects towards demand side management.

The process of ensuring that local authorities do receive the Local Authority Surcharge will ensure that they will have funds to provide electrical services for the new erven to be serviced. The average cost to put in electrical services is between N\$ 20,000 and N\$ 28,000 per erf in an urban area.

Many of the objectives set by Erongo RED are challenging and far sighted and will not be achievable within one year. Coeln: "Many of them are projects which will stretch over a period of time, but which will start in this tariff year. Our two main objectives for this year will thus be the achievement of generating sufficient revenue while at the same time keeping our customers happy with reasonable price increases at the same high level of service they have come to expect. "

A new method of calculating the TOU tariffs was introduced by the ECB that requires distributors to only add their operating costs in cents/kWh sold onto the TOU tariffs paid to NamPower. Erongo RED wants to introduce this methodology slowly over a number of years in order to reduce the impact on bulk customers.

The new Time Of Use – TOU- time slots effective from July 2010 are as follows:

	Namibian Summer Time			Namibian Winter Time		
	Peak	Standard	Off-Peak	Peak	Standard	Off-Peak
Weekday	08h00 - 13h00 18h00 - 21h00	06h00 - 08h00 13h00 - 18h00 21h00 - 22h00	00h00 - 06h00 22h00 - 24h00	07h00 - 12h00 17h00 - 20h00	05h00 - 07h00 12h00 - 17h00 20h00 - 21h00	00h00 - 05h00 21h00 - 24h00
Saturday		07h00 - 12h00 18h00 - 20h00	00h00 - 07h00 12h00 - 18h00 20h00 - 24h00		06h00 - 11h00 17h00 - 19h00	00h00 - 06h00 11h00 - 17h00 19h00 - 24h00
Sunday			00h00 - 24h00			00h00 - 24h00

Erongo RED CEO Gerhard Coeln assured the media and the public about the ongoing quest by the leading electricity provider to continually find new ways and means in ensuring ongoing electricity supply, superior service and affordable pricing at all times.

Please contact your nearest Erongo RED Office for more information.

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