

Press release

31 August 2011

## **Erongo RED informs about approved tariffs and new project updates**

---

Walvis Bay:

On Wednesday 31 August 2011 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 2011/2012 while at the same time highlighting some of the major current ongoing projects and projects that are in the pipeline.

Erongo RED 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 17.2%. ECB allowed Erongo RED to start recovering the financing of Bulk upgrades in the region to avoid future tariff spikes; hence these funds would be kept in separate fund earmarked to service these loans. The amount allowed for 2011/12 is N\$28 million.

Comparative tables were presented showing how the components of the tariffs had changed. The main changes to the tariff structure are the continuation 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", the introduction of Time Of Use [TOU] tariffs for three phase customers, Erongo RED participation in land developments & peri-urban areas, replacement of rental charges with network service charges, reduction of many other charges, free prepayments meters for 20 and 30 Amp customers and the continuation of a minimum Local Authority Surcharge of 5 cents/kWh for those Local Authorities that had historically received less or no surcharge.

There were also changes to the Corporate Social Responsibility policy in that the company will consider electricity related support to deserving organisations.

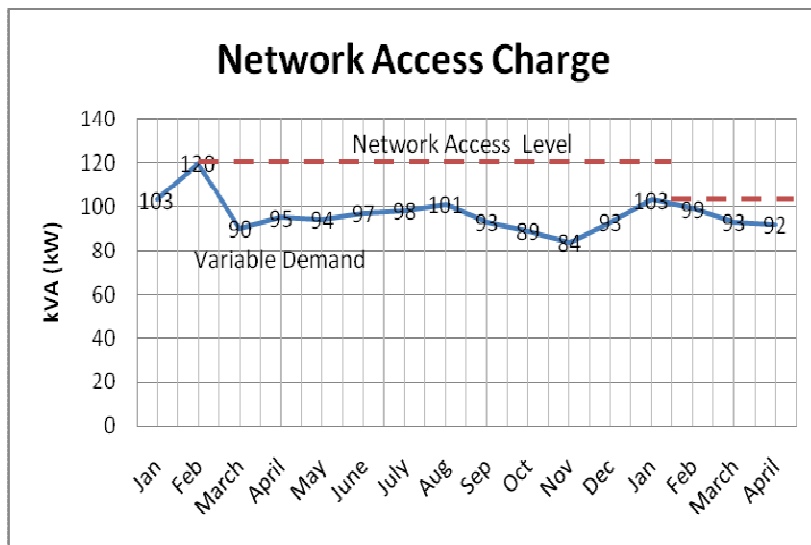
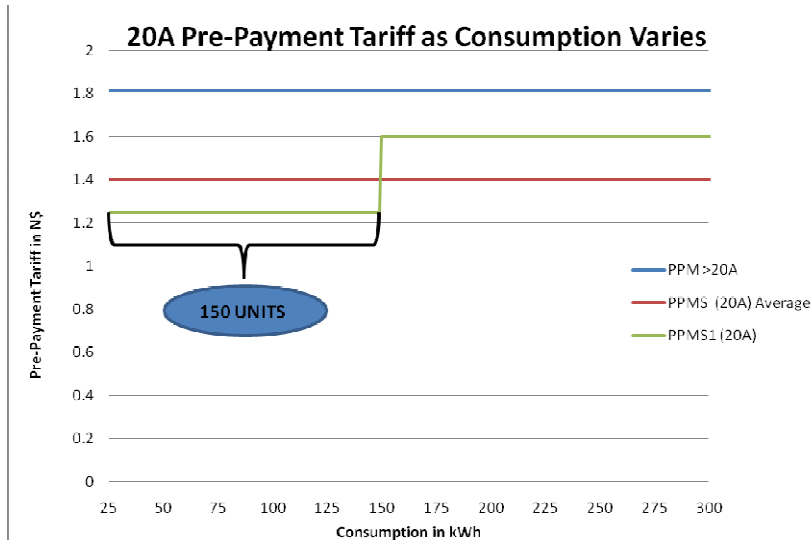
We have listened to the plight of bulk customers with good load factors and Network Access Charge [NAC] was kept constant for 2011/12 and the same trend will continue for the next tariff period as we gradually adjust Demand charges to the level of NAC.

During the tariff year 2011/12; Rental charges will be replaced with Network service charges while all tariffs "without basic charges" will be abolished and the same "subsidy pricing signals" are incorporated into the 20A Prepayment social tariff. It is worth noting that the ECB is busy working on National Pro-poor tariffs that would be adopted by all licensees for implementation.

Projects to be emphasized among others: implementation phase of the Call centre, free prepayment (boxes) installation for all interested 20A & 30A customers and reduced installation cost for the other Amp sizes at N\$900.00, Customer Liaison Committee which is an initiative to bring Erongo RED closer to the public more community representatives are needed from religious groups, old age homes, organised business groups i.e bulk consumers, SME's and others.

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.



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 2014
HENTIES BAY	5 MVA	8 MVA	NOV 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.

Many of the objectives set by Erongo RED are challenging and far sighted and will not be achievable within one year. "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 has introduced this methodology slowly over a number of years in order to reduce the impact on bulk customers. This will also be expanded this year to three phase customers with effect from 1 November 2011.

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
<b>Weekday</b>	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
<b>Saturday</b>		07h00 - 12h00 18h00 - 20h00	00h00 - 07h00 12h00 - 18h00 20h00 - 24h00		06h00 - 11h00 17h00 - 19h00	00h00 - 06h00 11h00 - 17h00 19h00 - 24h00
<b>Sunday</b>			00h00 - 24h00			00h00 - 24h00

Erongo RED CEO 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, superior service and competitive as well as affordable pricing at all times.

ends

For further information, kindly contact Gerhard Coeln, Chief Executive officer on  
064 214 600.