

MEDIA RELEASE



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Transmission and Generation Tariff Application for Financial Year 2026/27

In compliance with the Electricity Act No 4 of 2007, Section 27 (10) (b), NamPower wishes to inform its valued customers and all stakeholders that it has applied for a tariff increase of 8.4% to the Electricity Control Board. If approved, the average bulk tariff will increase from 206.11 c/kWh to 223.40 c/kWh.

Breakdown of Tariff Application

NamPower's allowed costs are made up of four parts namely: (1) Energy Costs, (2) Fixed Operational Costs, (3) Return & Depreciation and (4) Reconciliation & Deferred Revenue.

Prices for imported electricity, power purchased from independent power producers, and fuel for NamPower's power stations have all increased. These factors contribute 1.3% to the proposed adjustment.

NamPower observes that the gap between actual fixed operational costs and the amounts approved in previous tariff periods has widened to a level that may negatively impact financial sustainability. Considering the anticipated implementation of the ECB's new multi-year tariff methodology beginning financial year 2028, which requires that the full cost of service be properly recognised, it has become critical that action be taken to gradually narrow this gap. This application therefore is the first step in aligning fixed operating costs with NamPower's actual cost expectations for the financial year 2027, representing 6.5% of the proposed increase.

Return and depreciation has increased due to the addition of new assets, such as the 100MW Sores IGaib PV plant with a cost of N\$1.5 billion. Historical under-recoveries (when NamPower spends more to supply energy than what can be recovered from the approved tariff) resulted in an increase in total under-recovery of N\$945 million. This would have contributed a combined 23% to the tariff increase.

Combining all the relevant factors above, NamPower would require an increase of 30% to achieve full cost reflectivity as envisioned in the National Energy Policy (2017). However, NamPower is mindful of the impact that such an increase would have on households and the economy. To avoid putting too much financial pressure on customers, NamPower is deferring all under-recoveries and a large part of return and depreciation costs. By doing this, NamPower can gradually move toward prices that better reflect the real cost of supplying electricity, while still considering what our customers can reasonably afford.

NamPower remains committed to minimising upward pressure on tariffs. The company continues to negotiate competitive import agreements, invest in new generation projects, implement cost-saving measures, and improve operational efficiency. These efforts support Namibia's transition toward energy self-sufficiency and ensure the long-term provision of reliable and affordable electricity to all our customers.

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