

MEDIA RELEASE



3 April 2025

Transmission and Generation Tariff Application for Financial Year 2025/26

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 17.44% to the Electricity Control Board. This proposed increase will raise the average transmission customer tariff from 198.56 c/kWh to 233.18 c/kWh.

BREAKDOWN OF TARIFF APPLICATION

Energy cost is the direct expenditure for the procurement of energy and includes all the costs to import energy, buy energy from Independent Power Producers (IPPs) and the fuel costs of NamPower power stations. This increase is due to a forecasted 4.1% inflationary increase on the IPP contracts, a 2.4% US PPI increase on the ZESCO contracts and a 12.7% increase for the ESKOM contract. Energy costs make up 3.3% of the application.

Fixed operational costs are all NamPower's operational expenses which are approved by the Electricity Control Board (ECB). These include, amongst others, employee, transport and external services costs as well as the operation and maintenance costs of power stations and transmission assets. Fixed operational costs have been increased with an inflationary estimate of 4.1% and make up 1.5% of the application.

Return and depreciation is the cost to finance new infrastructure or upgrades of transmission and generation assets. Return and depreciation make up 9.1% of the application and this is mainly due to the adjustment of the transmission regulatory asset base to reflect the replacement value of NamPower's transmission assets as stipulated in the tariff methodology.

The remaining 3.6% of the application is mostly made up of under and over recoveries. Under recoveries occur when NamPower pays more to supply electricity than what can be recovered from the approved tariff, due to uncontrollable factors such as low river flow at Ruacana or exchange rate depreciation. Similarly, when NamPower spends less than what was approved or makes additional income from excess power sales, this benefit is passed on to our customers. Prior year under and over recoveries make up 3.6% of the application.

While this tariff increase is required for NamPower to maintain service reliability and ensure long-term energy sustainability, we do recognise the impact that tariff increases have on our customers and remain committed to keeping costs as low as possible. To this end, we strive to secure the most favourable import contracts, conclude energy generation projects timeously, implement cost-saving measures, and continuously improve operational efficiency. These measures will allow us to gradually minimise cost increases as we transition toward self-sufficiency and the provision of affordable and uninterrupted electricity to all our customers.

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