



PUBLIC NOTICE

BERA BPC PUBLIC HEARING

BPC 2023-24 ELECTRICITY TARIFF APPLICATION - AUGUST 2022

1. Background

Pursuant to Section 57 of the Botswana Energy Regulatory Authority (BERA) Act, the Authority on the 25th June 2022, received an application to adjust electricity tariffs from Botswana Power Corporation (BPC). In its application, BPC proposes tariff adjustments for the financial years 2023/24 and 2024/25.

2. Proposed Tariff Adjustment

BPC is proposing an upward tariff adjustment of 5% for the year 2023/24 and subsidy of P300million; 5% for the year 2024/25 and a subsidy of P200million and 0% and no subsidy for the years 2025/26 and 2026/27. BPC submitted that it undertook an assessment of its required revenue for the financial year 2024 in line with the BERA prescribed methodology which translated into P6.479 billion (requiring a 23% tariff increase). However, the Corporation's tariff application is an increase of 5% across all customer categories to attain the Total Operating Income of P5.370 billion inclusive of a P300 million consumer tariff subsidy from the Government.

3. Current Tariffs and Proposed Tariffs in Monetary Terms

The table below shows a breakdown of the current BPC average tariff per kilowatt-hour and the new tariff with the proposed 5% upward adjustment which is yet to be reviewed.

Table 1: Current BPC Tariff and the Proposed 5% Increment

Customer Category	Current Tariff (thebe/kWh)	New Tariff with Proposed 5% Increase (thebe/kWh)
Domestic	103.67	108.85
Government	220.09	231.09
Mining	108.84	114.28
Commercial	143.62	150.81
Cumulative average	127.92	134.31

4. Reasons for the Proposed Tariff Adjustment

The reasons for the proposed 5% upward adjustment and P300million subsidy as submitted by BPC are summarized as follows: -

- a) BPC's recurring financial losses due to non-cost reflective tariffs;
- b) Low availability of Morupule B Power Station and the increasing cost of imported power;
- c) Reduced Government subsidy without being matched by corresponding electricity tariff increases; and
- d) Revenue requirement to meet the operating, maintenance, and financing costs of the Corporation.

5. Areas Where Proposed Tariffs will be Applied

Generally, the main source of revenue for a National Utility is the sale of electricity at a cost-reflective tariff. The proposed tariff for the year under review is to be applied to all the undertakings of the power supply which runs from generation, transmission, distribution to supply of power to end-users.

In prior years, BPC was constrained to dedicate sufficient financial resources towards its capital expenditure plans due to its strained cash position. Consequently, the Corporation requires a healthy liquidity position to undertake long overdue refurbishment of its transmission and distribution infrastructure. The commitment of the Corporation is to undertake a robust preventative maintenance plan to improve service delivery and it would be financed by cash from operations, hence the application for tariff adjustment.

6. Invitation for Public Comments on the Proposed Tariff Adjustment

Stakeholders, interested parties and the general public are hereby invited to review and comment on the BPC tariff application proposing an upward adjustment through written submissions

Written comments on the BPC application can be sent to leah.baputaki@bera.co.bw or info@bera.co.bw. The Public Consultation Paper requesting for comments will be published in the BERA website @ <https://www.bera.co.bw/electricity.php#downloads>. The Public hearing will be broadcasted live on Facebook & Microsoft Teams and the Public is invited to join. visit our website for more information.

@BotswanaEnergyRegulatoryAuthority www.bera.co.bw

Date: Thursday, 11th August 2022
Venue: Travel Lodge, Block 3, Gaborone
Time: 0900 – 1300hrs

RSVP:

Leah Baputaki

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