



## **ESWATINI ENERGY REGULATORY AUTHORITY**

### **PRESS STATEMENT**

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#### **ESWATINI ENERGY REGULATORY AUTHORITY (ESERA) DECISION ON THE ESWATINI ELECTRICITY COMPANY (EEC)'S FOURTH MULTI-YEAR PRICE DETERMINATION PERIOD (MYPD4) (2021/22 -2022/23) TARIFF REVIEW APPLICATION**

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1. The Eswatini Energy Regulatory Authority (ESERA) has reviewed the tariff application from the Eswatini Electricity Company (EEC) in terms of the provisions of the Electricity Act of 2007, Electricity Regulatory Act of 2007 and the Eswatini Tariff Methodology.
2. EEC requested a revenue requirement of E2.55 Billion for 2021/22 and E2.93 Billion for 2022/23, translating to an average tariff increase of 7.16% for each of the years under consideration. EEC proposed to spread the tariff adjustment across the different customer categories and revenue streams as follows; 10% increase proposal for domestic customers, 6.8% non-time of use business customers energy charge, 7.22% for Time of Use business customers energy charge, and 4.06% for demand and access charges .
3. In terms of Section 5 (1) (F) of the Energy Regulatory Act as read with Section 32 of the Electricity Act, together with Section 5 and 6 of the Tariff Methodology Regulations the ESERA undertook the tariff review process, having received the request on October 30<sup>th</sup>, 2020.
4. Having duly considered the tariff application, taking into consideration the written and oral submissions from stakeholders as well as facts and evidence provided by EEC, the ESERA met on the 19<sup>th</sup> of January 2021 and approved as follows:
  - EEC be allowed a revenue of E2,25 Billion against the E2.55 Billion they had requested for the financial year 2021/22 and a revenue of E2,60 Billion be allowed, against E2.93 Billion that EEC had requested for the financial year 2022/23.

- The above allowed revenues translates to an average tariff decrease of 1.33% for the financial year 2021/22 and an average tariff decrease of 1.27% for the financial year 2022/23.
  - Each adjustment will be implemented with effect from the 1<sup>st</sup> April each year.
  - These adjustments excludes any taxes and levies enacted and/or substantially enacted as at the date of approval.
5. In coming up with the decision to adjust the current tariff levels, the following parameters were considered;
- A rate of return of 7.28% for EEC to meet the cost of raising capital.
  - A projected tariff increase of 10.16% and 15% from Eskom for the years 2021/22 and 2022/23 respectively.
  - A net over-recovery of E212 Million for the financial year 2019/20.
  - The various inputs and submissions received from electricity stakeholders.
6. The Authority further directs that the implementation of these tariff adjustments include rebalancing of tariffs to move them towards cost-reflectivity, in line with the findings of Cost of Service Study (2018). This calls for increasing domestic customer tariffs, while reducing tariffs for business customers.
- In light of the prevailing economic conditions and the negative effects brought by the COVID-19 pandemic, the Authority directs that in line with the recently approved Cost of Living Adjustment, domestic tariffs increase by 3% in each of the financial years under consideration.
  - To cushion the most vulnerable households, the Authority further directs an implementation of a revised Life Line structure in line with the [Subsidy Framework](#).
7. A detailed tariff order reflecting all analysis made, stakeholder submissions and approval conditions is available at [www.sera.org.sz](http://www.sera.org.sz).

**VUSUMUZI MKHUMANE**

**CEO: ESWATINI ENERGY REGULATORY AUTHORITY**