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CUSTOMER ADVISORY

EMERGENCY TARIFF ADJUSTMENT TAKES EFFECT ON 1 NOVEMBER 2024 WITH RESIDENTIAL CUSTOMERS GETTING A 20 PERCENT PRICE REDUCTION

Lusaka, 31 October 2024 - ZESCO Limited advises its customers and the public that the emergency tariff adjustment takes effect on Friday, 1 November 2024. The adjustment is in respect of the approval granted by the Energy Regulation Board on 10 October 2024.

The Corporation's application for a tariff adjustment was premised on a requirement to raise funds needed to secure additional power imports and mitigate, in the immediate term, the power supply gap occasioned by the drought induced hydropower generation deficit. ZESCO requires revenue of about US\$ 15 million monthly to partially cover the purchase cost of 788MW (US\$94 million).

At present, ZESCO's power imports average 440Megawatts (MW). The imports are sourced mainly from Eskom of South Africa, EDM of Mozambique and the Southern African Power Pool market, in general. With the additional funds, ZESCO will source more power that is expected to significantly impact power supply availability.

The tariff adjustment is applicable only for the emergency period and shall take effect as follows:

20 percent reduction for residential customers

1. **Residential:** 537,496 residential customers will receive a reduction of up to 20%. This will ensure that over half a million Zambian households will have a reduction in electricity tariffs. This measure is aimed at maintaining the lifeline tariff and cushioning low-income households by exemption from tariff increases, as the energy pricing structures for tariff bands R1 and R2 have been reduced by 20% and 5% respectively.

This reduction and maintenance of the lifeline tariff will help this segment of residential customers to maintain access to affordable electricity.

The trickle-down effect of the reduction will impact electricity bills as follows;

Residential Tariff Changes:				
kWh	Current Bill-Kwacha	Approved Bill-Kwacha	Bill-Kwacha	%Δ
100	44.0	35.0		-20%
200	149.0	135.0		-9%
300	254.0	313.0		23%
400	423.0	600.0		42%
500	592.0	921.0		56%
600	836.0	1,560.0		87%
700	1,080.0	2,199.0		104%
800	1,324.0	2,838.0		114%
900	1,568.0	3,477.0		122%
1000	1,812.0	4,116.0		127%
Exclusive of taxes				

15 percent reduction on first commercial tariff band (C1)

- Commercial:** The small businesses, including barbershops, salons, welders and market vendors that fall under the first commercial tariff band (C1), and who make up 14,172 businesses will see a 15% reduction in electricity tariffs. This reduction is intended to cushion the operational costs of Small and Medium Enterprises that may arise from inflationary pressure during the crisis period while preserving livelihoods.

The trickle-down effect of the reduction in the tariff will impact consumption up to 500kWh as illustrated below.

Commercial Tariff Changes:					
kWh	Current Kwacha	Bill-Kwacha	Approved Kwacha	Bill-Kwacha	%Δ
100	78.0		66.3		-15%
200	213.0		201.3		-5%
300	348.0		336.3		-3%
400	567.0		555.3		-2%

500	786.0	774.3	-1%
600	1,014.0	1,090.3	8%
700	1,242.0	1,406.4	13%
800	1,470.0	1,722.4	17%
900	1,698.0	2,038.4	20%
1000	1,926.0	2,354.4	22%
<i>Exclusive of taxes</i>			

3. Zero percent tariff increment on Water Pumping Stations and Social Services customer segment

The above stated customer segments that include Government Hospitals, Clinics, Schools, Old People’s Homes, Orphanages, Street Lighting and Traffic Lights as well as water pumping stations will not be affected by the tariff adjustment. This measure is aimed at sustaining the provision of social services, clean water and sanitation services during the crisis period.

ZESCO Limited restates that this tariff adjustment is applicable for the emergency period only and is a subject of periodic review by the Energy Regulation Board. The 2023/2024 drought season was declared as a National Disaster and Emergency on 29 February 2024 as provided for under the Disaster Management Act No. 13 of 2010 and the Energy Regulation Board gazette notice No. 233 of 2024 issued on 12 April 2024.

**Issued by:
ZESCO Limited**



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