



CUSTOMER NOTICE

IMPLEMENTATION OF LOW POWER FACTOR SURCHARGE

ZESCO wishes to inform its esteemed maximum demand customers that, with effect from 1 October 2022, their monthly electricity bills will include a low power factor surcharge in addition to the usual capacity, energy, and fixed charges. The surcharge applies to customers drawing 100kVA and above and operating at a power factor lower than the 0.92 lagging required by law.

The authority to implement the low power factor surcharge was granted to ZESCO by the Energy Regulation Board (ERB) in 2016. However, its rollout was deferred to allow for customer familiarisation of the key aspects of the low power factor surcharge which included the distribution of educational dummy bills. The deferment was also intended to provide the customers adequate time to put in place reactive power compensation equipment.

The target power factor was set at 0.92 lagging, and the formula developed by the ERB to compute the Surcharge is given below.

| Power Factor Band | Surcharge Applicable | Surcharge Computation |
|-------------------|--|--|
| 0.76 < pf < 0.92 | 1.5% for every 0.01 less than 0.92 | $1.5\% \times \frac{(0.92 - P.\text{factual})}{0.01} \times \text{Pre-tax Bill}$ |
| 0 – 0.76 | 3% for every 0.01 less than 0.76 plus 1.5% for every 0.01 less than 0.92 | $[(1.5\% \times \frac{(0.92 - 0.76)}{0.01}) + (3\% \times \frac{(0.76 - P.\text{factual})}{0.01})] \times \text{Pre-tax Bill}$ |

Notes:

- p.f.actual = Average Power Factor for the billing period (kW/kVA);
- 0.92 is the target power factor in accordance with clause 2.2.1 of the Network Chapter 1 of the Grid Code; and
- Pre-tax bill is the total customer bill computed at specific point of supply before taxes

Unlike taxes and levies, the power factor surcharge is **AVOIDABLE**, provided the customer operates within the prescribed power factor limit. The benefits of operating above the targeted power factor of 0.92 lagging are reduced energy bills, improved voltage profiles, increase in efficiency of the electrical system and devices among others.

To enable all its maximum demand customers to gauge their compliance levels, ZESCO has distributed dummy bills based on the August 2022 meter readings to all the affected customers, including those who may not have been on the database during the Six (6) months trail period of January to June 2016.

ISSUED BY CORPORATE AFFAIRS