



Energy Regulatory Commission

PRESS STATEMENT

31st October, 2018

PRESS STATEMENT ON REVIEWED RETAIL ELECTRICITY TARIFF FOR THE 2018/19 TARIFF CONTROL PERIOD (TCP) EFFECTIVE 1ST NOVEMBER 2018

1. Introduction

The Energy Regulatory Commission is mandated to review and adjust retail electricity tariffs pursuant to Section 6 (i) and Section 45 of the Energy Act 2006. The Commission review follows the need to accommodate numerous concerns raised by members of the public, the National Assembly, the Senate and Customers. These complaints have been in regards to the high electricity costs and the need to spur economic growth by the Small and Medium Enterprises. To address these concerns, the Commission is hereby pleased to release the revised tariffs for the Domestic Customers and the Small Commercial customers.

2. Approved Tariff Control Period (TCP) 2018/19

The Energy Regulatory Commission announced new applicable tariffs for TCP 2018/19 effective 1st July 2018 for post-paid customers and 1st August 2018 for pre-paid customers. The retail tariffs announced took into consideration the Economic and Financial Policy aspects of the electric power utilities. In that particular review, the Commission reduced the lifeline threshold from 50kWh to 10kWh and removed the fixed charges for all the customer categories.

While a large section of the Domestic Lifeline Customers, Small Commercial and the Large Manufacturers enjoyed a reduction in their electricity bills some Domestic Ordinary customers had an increase in their bills.

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3. Need for further review

The Commission wishes to reiterate the role of Energy as an enabler in the Government's Big 4 Agenda that aims to increase the share of manufacturing, food security and nutrition, universal health access and affordable housing. The Commission has also put into consideration the views of public on power bills post July 2018 review. To this effect, the Commission has considered those view and made further amendments to the Domestic and Small Commercial consumers.

4. Amendments made to Domestic Category and Small Commercial

a. Introduced two distinct categories under DC

The Commission has reviewed the Domestic Customer category by increasing the Lifeline threshold from the current 10kWh to 100kWh and further reducing their charge rate from Kshs 12/kWh to Kshs 10/kWh. The Lifeline Tariff is meant to accommodate more households in informal settlements, urban, peri urban areas and rural areas to cushion them from increased cost of living. This will cover 5.7 million customers.

According to the Kenya National Bureau of Statistics (KNBS) "Basic Report on Well Being in Kenya" based on the 2015/16 Kenya Integrated Household Budget Survey (KIHBS), the National poverty level stands at 36.1% of the total population.

This implies that 16.4 million individuals lived in overall poverty meaning that an individual spends less than KShs 3,252 in rural and peri-urban areas and less than KShs 5,995 in in core-urban areas.

With the threshold for the lifeline category set at 100kWh, the Commission has been able to capture 91.73% of the domestic customers hence covering all the low incomehouseholds according to the statistics from the KNBS.

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The Commission has however maintained the charge rate for the Domestic Ordinary customers consuming above 100kWh, hence this customer category will not have any change in their current bills.

B. Introduced two distinct categories under Small Commercial

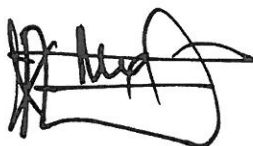
For the Small Commercial Category of Customers, and in the spirit of promoting small and medium enterprises by creating a conducive environment for business, the Commission has reclassified the Small Commercial Category into two distinct categories. i.e

- I) SC1- Small Commercial Category of consumers consuming less than 100kWh in a month. The energy charge rate for this customer category has been reduced from the current Kshs 15.60/kWh to KShs 10.00/kWh. This will positively affect over 67.30% of Small Commercial customers will enjoy a 31% decline in their bills as compared to the bills received in the month of October 2018.
- II) SC2- Small Commercial Category of consumers consuming more than 100kWh in a month. For this category, the Commission has maintained the charge rates at the current prevailing rates.

The reviewed retail tariffs which take effect from 1st November are Show on annex 1:

The projected pass through costs for November 2018 are expected to have an insignificant difference compared to the October 2018 rates.

Pavel Robert Oimeke



Director General



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Annex 1: Approved Energy Non Fuel Electricity Retail Tariffs for Tariff Control Period (2018/19)

Code	Customer Type(Code Name)	Energy Limit kWh/month	Charge Method	Number of Customers	Unit	1 st July 2018	1 st Nov 2018
DC	Domestic		Fixed		KShs/month	0	0
DC1	Domestic Consumer 1	0-10	Energy	5,734,815	KShs/ kWh	12.00	10
DC1	Domestic Consumer 1	11-100	Energy		KShs/kWh	15.80	10
DC2	Domestic Consumer 2	>100	Energy	516,977	KShs/ kWh	15.80	15.8
SC1	Small Commercial 1	0-100	Energy	177,089	KShs/ kWh	15.60	10.00
SC2	Small Commercial 2	>100-15000	Energy	86,027	KShs/kWh	15.60	15.60
CI1	Comm./industrial	>15,000	Fixed		KShs/month	0	0
			Energy	3,096	KShs/ kWh	12.00	12.00
			Demand		KShs/ kVA	800	800
CI2	Comm./industrial	No Limit	Fixed		KShs/month	0	0
			Energy	381	KShs/ kWh	10.90	10.90
			Demand		KShs/ kVA	520	520
CI3	Comm./industrial	No Limit	Fixed		KShs/month	0	0
			Energy	53	KShs/ kWh	10.50	10.50
			Demand		KShs/ kVA	270	270
CI4						0	0
CI4	Comm./industrial	No Limit	Fixed		KShs/month		
			Energy	38	KShs/ kWh	10.30	10.30
			Demand		KShs/ kVA	220	220
CI5	Comm./industrial	No Limit	Fixed		KShs/month	0	0
			Energy	32	KShs/ kWh	10.10	10.10
			Demand		KShs/kVA	220	220
SL	Street Lighting	No Limit	Fixed		KShs/month	0	0
			Energy	8,478	KShs/kWh	7.50	7.50

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