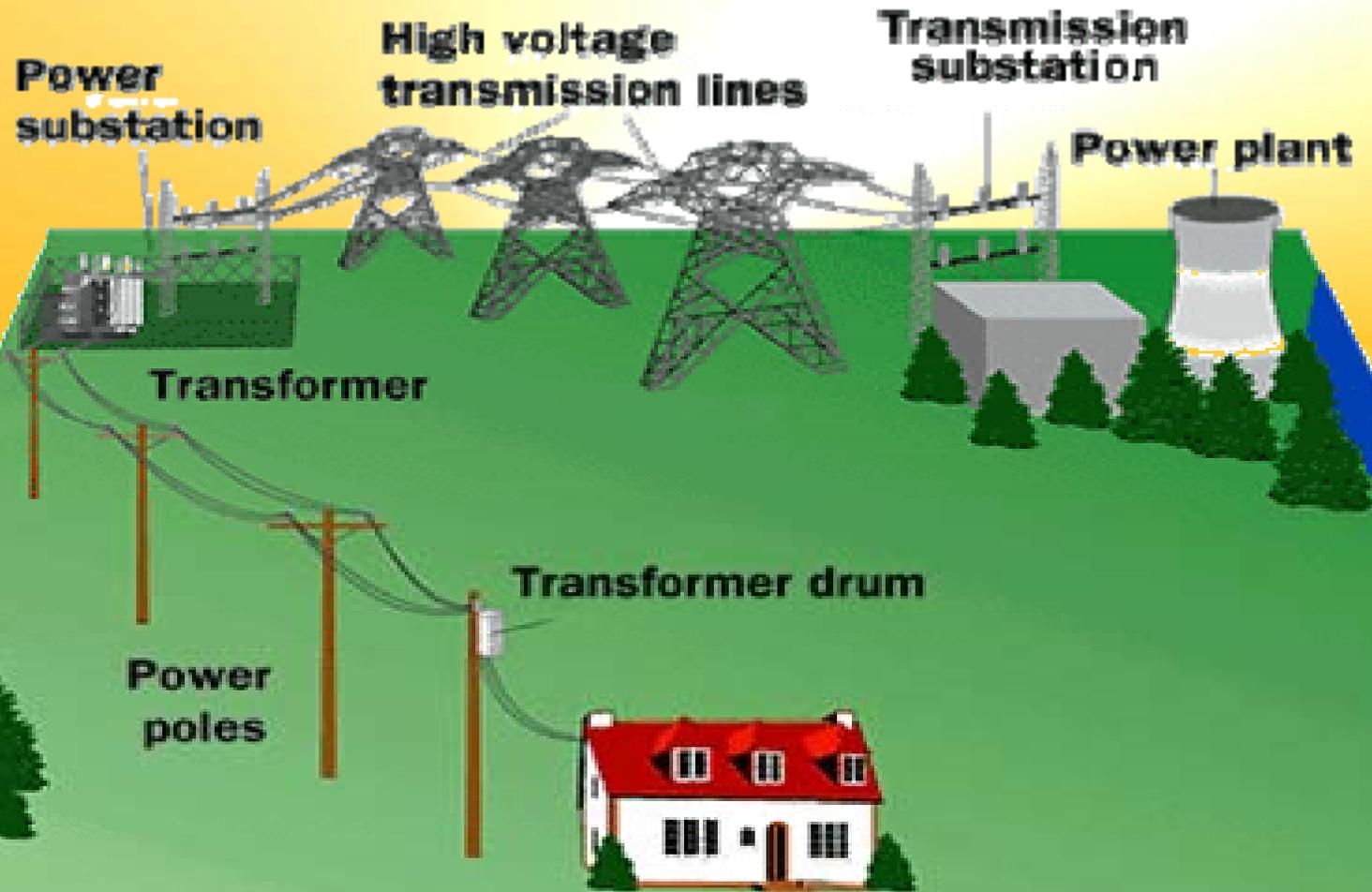


Summarized Draft of the Electricity Pricing Policy

**Presentation to Electricity
Summit
14 May 2008**



Electricity value chain



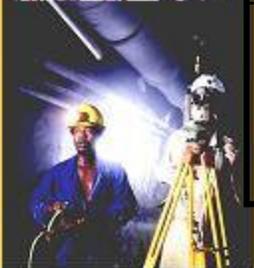
Sector objectives

- Improved social equity by addressing needs of the poor;
- enhanced efficiency and competitiveness to provide low-cost and high quality inputs to all sectors;
- environmentally sustainable short and long-term usage of our natural resources;
- open non-discriminatory access to the transmission system;
- private sector participation in the industry.
- Universal access to electricity



Pricing policy desired outcomes

- Investment in the infrastructure to ensure sustainability;
- Accelerated access to electricity by the previously disadvantaged;
- Improvement of the technical and economic efficiency with which services are provided;
- Efficient use of electricity as a scarce resource;
- Lowered cost of electricity as input to economic activity;
- Poverty net for the indigent;
- More renewable energy generation in the energy mix.



Balancing stakeholder expectations

Government	Tariff levels should ensure that the adverse impact to the poor is minimised
	Expansion programme should be funded from own resources
	Various funding instruments should be used to fund the sector
	Appropriation of tax and dividends



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Balancing stakeholder expectations

Utility	The industry must be sustainable, economically viable and fundable, in the short to long term
	Appropriate pricing signals that will encourage efficient use of electricity
	Cost of doing business should be low



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Balancing the stakeholder expectations



End users	Affordable least cost options, excluding inefficiencies
	Non – discriminatory tariffs on an equal basis
	Predictability and stable prices
	Customers should be kept informed, adjustments should be gradual
	Transparency and easy to read and apply without any hidden charges

Conclusion

- ❑ Pricing policy balances all these stakeholder expectations;
- ❑ Policy closes gap and creates regulatory certainty;

