

The Electricity Supply Corporation of Malawi (ESCOM) has applied for an increase of base tariff which is projected to raise end user tariff from current average of MK73 per kWh to around MK112 per kWh in the first year of implementation, representing 53% increase.

ESCOM's objectives for the increase which will be implemented from July 2018 to June 2022, are to generate revenues for procuring power/electricity to meet current demand and future demand growth and increase access to electricity in line with government goals from the current 11% to 19% by 2022.

Said ESCOM "The average purchase cost for energy from EGENCO, independent power producers and power imports is expected to move from MK29.92 per kWh to MK65.35 per kWh over 2018-2022 Base Tariff period.

This will result in a significant increase to the end user tariff in a form of a pass-through cost arrangement with the purchase cost accounting for around 55% to the proposed end user tariff. Subsequently, the average tariff is projected to steadily increase at 2.5% per annum up to 2022 to reach MK123 per kWh,"

ESCOM's application is coming following amendments of the Electricity Act in 2016 which demands that ESCOM submits new applications to MERA once every four years on Base Tariff, Bulk Customer Supply and End user tariff for consideration and approval.

ESCOM said the increase is supported by a Cost of Service study which established that the current cost of supplying individual customer cannot support investments.

"The study established that the current average cost of supplying a customer with electricity in

Malawi is MK126 per kWh.

This figure is on

average 42% below existing average tariff. This current tariff cannot therefore support the electricity industry in Malawi in terms of increasing investments and improving customer service,” Said ESCOM.

The recommended tariffs will allow ESCOM to charge cost recovery tariffs to support settlements of energy purchases from power producers/sources, operation and maintenance costs of existing and new infrastructure, investment in system growth and improvement in customer service.

