

The Malawi Energy Regulatory Authority (MERA) has been applauded for considering stakeholders suggestions in its decision to increase electricity base tariff by 31.8% as opposed to the requested 60% by ESCOM.

Announcing the increase which will be implemented from 2018 to 2022, a statement from MERA indicated that detailed analysis of the application also reflected on the issues and concerns that were raised by stakeholders during public hearings that it conducted.

MCCCI was among the stakeholders that lobbied for scrutiny of the application, to avoid pushing unnecessary costs to the end user.

MCCCI, Chief Executive Officer, Chancellor Kaferapanjira, cautioned that 60 percent electricity tariff increase in a single financial year could send major shock waves to the economy and that the end user will be the one to bear most of the burden.

MCCCI also suggested removal of unexplained overheads which had no direct benefit to the end user which could have inflated the tariffs.

“The inability of ESCOM to collect debts from Government institutions and some ‘private sector players’ should not burden the end user with a high tariff. We propose that this provision of 3% be removed. We propose that lower increments in the tariff structure go to businesses especially SMEs in line with the Malawi Growth and Development Strategy III,” Said Kaferapanjira in his presentation during one of the consultation meetings held by MERA.

Reacting to MERA’s decision, Kaferapanjira said he was thrilled that, MERA has implemented at least five of the suggestions that MCCCI provided.

Said Kaferapanjira: “We are thrilled that MCCCI managed to influence the reduction of the proposed increase to only 20 percent for the first year as opposed to the requested 60 percent. The increase needed to happen, whatever the case, as we needed a cost reflective tariff in

order to attract potential investors into the sector. What we did was to ensure that inefficiencies shouldn't be built into the tariff,"

The 31% increase, translates into K21.92/kWh increase and an average tariff of K95.15/kWh against the average of MK117.64/kWh requested by ESCOM.

ESCOM applied for a 60% third base tariff increase which would have moved the average tariff by K44.07 from MK73.23/kWh to MK117.30/kWh.