

Electricity Price Decision 2010



The Government's concern about the high cost of electricity in Vanuatu has led to the URA to undertake a full review of the level and structure of tariffs for all electricity concession areas in Vanuatu.

URA Final Tariff Decision

The review process resulted in three major changes:

New Base Tariff

The new base tariff ($P_o = 47.17$) will translate to a **6.80% decrease** for most electricity users

New Tariff Structure

The new tariff structure will mean Small Domestic Customers (<60kWh) will have their bills **reduced by 48%**

New Formula

The new formula will pass through the benefits of the **wind farm** directly to the price of electricity.

Tariff Review Process

The URA has undertaken the first full review of electricity tariffs for the local monopoly utility in Vanuatu's history.

The review was an extensive 6 month process that involved gathering financial and operational information from UNELCO and input from many stakeholders.

UNELCO has worked closely with the URA over the last six months of this Electricity Tariff review and the URA complements UNELCO on their cooperation in this long and often difficult process. The URA notes that UNELCO has supplied electricity to Vanuatu for a long time and the quality of their service is high.

UNELCO's Acceptance

Under the existing concession agreements any new tariff needs the agreement of UNELCO before it can come into force. The URA encourages UNELCO to seriously consider the benefits this new tariff offers the people of Vanuatu and implement it as soon as possible.

If UNELCO does not accept the Tariff Decision an arbitration process is required and this will delay the introduction of any new tariff.

Public Meetings

The URA will shortly be holding public meetings in all concession areas to explain its Electricity Tariff Review Final Decision paper. This paper can be downloaded at www.ura.gov.vu. Please check our website and local media for public meeting details.

Who Is The Utility Regulatory Authority (URA)?

The URA was set up under the Utilities Regulatory Authority Act No.11 of 2007. It is independent from the government and its purpose is to ensure safe, reliable and affordable water and electricity.

It monitors the electricity concession contracts for Port Vila, Luganville, Tanna and Malekula. The URA renegotiates prices (tariffs) under the rules of the existing contracts, it manages consumer complaints and it advises the government.

Objectives of the Tariff Review

The review objectives are to balance the interests of electricity consumers, UNELCO and the Government.

The principles of reviewing the tariff are:

Consumers should not pay more than necessary for electricity of a given standard.

UNELCO should be able to charge enough to cover costs, including maintenance, future investment and a reasonable return.

The Government wants continued investment in the electricity supply and to achieve its aim of growth and economic development.

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