

PRESS RELEASE

## URA Tariff Decision - Small Households Electricity Bills To Be Cut In Half

### PORT VILA, VANUATU

The Utilities Regulatory Authority (URA) published today its Final Decision of its Vanuatu Electricity Tariff Review.

A key part of the electricity tariff decision is a reduction in the electricity tariff for small domestic customers (<60 kWh a month) by 49%.

The Governments concern with the high price of electricity led it to request a full tariff review by the URA. The Final Decision is the result of a 12 month extensive information gathering process involving UNELCO, the Government, and submissions from stakeholders.

“This is the first full review of electricity tariffs for the local monopoly utility in more than 70 years” stated URA CEO, **Carmine Piantedosi**, “I would like to thank UNELCO for their long and ongoing service to Vanuatu and their commitment to this review process”

After considering public submissions and analyzing UNELCO’s costs, planned investments and reasonable return, the URA’s tariff decision is for a new base price of Vatu 47.17. This tariff will translate into a price reduction of around 6.80% for most electricity users.

Existing electricity prices are set by a formula that passes through the changes in diesel prices each month. As part of this tariff decision the new formula will also pass through any benefits from the Port Vila farm to electricity customers.

“The Tariff Decision of the URA achieves a balance between the needs of consumers, government and the need for UNELCO to make a reasonable return.” said URA Chairman, **Johnson Naviti**. “It provides UNELCO with sufficient revenue to cover all its costs, depreciation, planned investments and a reasonable return on capital they have invested in Vanuatu.”

The Tariff Decision will allow UNELCO to earn revenue of Vt 15,206,000,000 over the next 5 years. This is made up of Vt 13.908 Billion to cover costs including fuel, materials, provisions, maintenance, staff and depreciation including the depreciation on new investments.

UNELCO also receive Vt 1.299 Billion as the return on capital, including any new investments in UNELCO’s investment plan.

After examining their costs UNELCO voluntarily committed to efficiency gains worth over Vt900 million over the next 5 years.

The URA notes that UNELCO has supplied electricity to Vanuatu for a long time and the quality of their service is high. The URA complements UNELCO on their innovative use of coconut oil and their commitment to renewable energy such as the Port Vila wind farm.

An addendum to the concession agreement has been prepared for issue by the Government reflecting the URA's final tariff. The final tariff will take effect upon signing of this agreement.

"I would like to encourage UNELCO to pass through the benefits of the new tariff to families, households, businesses and join the Government in endorsing this new electricity tariff" stated **Mr Piantedosi**.

The details of the URA's Tariff Review Final Decision Paper May 2010 can be found on the URA website at [www.ura.gov.vu](http://www.ura.gov.vu).

The URA will hold public meetings to explain its tariff decision. Notices will appear in the media.

### **Note to the Editor:**

#### About The 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. It renegotiates tariffs under the rules of the existing contracts, it manages consumer complaints, and it advises the government.

#### About UNELCO

UNELCO Vanuatu Limited is a fully owned subsidiary of GDF Suez. It operates the monopoly electricity concessions for Port Vila, Luganville, Malekula and Tanna. It has operated in Vanuatu since 1939.

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