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PRESS RELEASE

Electricity prices in Luganville to decrease by 10.44%

The Utilities Regulatory Authority (URA) Commission has issued an order to the Vanuatu Utilities and Infrastructure Limited (VUI), to reduce its currently applied tariff of 40.52 Vatu/kWh to 36.29 Vatu/kWh. This is an average price reduction of 10.44%.

The Commission has approved the revised tariff of 36.29 Vatu/kWh as the reasonable tariff going forward in 2017. Upon gazettal of the Order, VUI is to apply the new rate beginning with its February 2017 customer billings in Luganville and Port Olry.

The URA commenced the electricity tariff review for VUI in June 2016. A Preliminary Decision was issued in December 2016 followed by a consultation period. In response to the Preliminary Decision, VUI acknowledged its support on the reduction of the current tariffs, however VUI contested the Staff projection of the hydro performance, man month fees, recovery of the under collection of fuel cost and allowance for legal expenses. These were taken into consideration in arriving at the final decision tariff of 36.29 Vatu/kWh.

The Commission said that it “is aware that VUI operations have been severely affected by El Nino during 2015 and 2016, however the climatic factors have now normalized and it is anticipated that VUI’s hydro operations will return to their full potential.” Still the hydro performance level in upcoming months remains uncertain. For this reason monthly adjustments to the tariff will be made based on actual rainfall and hydro conditions until the situation returns to normal.

The new base rate of 36.29 Vatu/kWh:

- incorporates an adjustment to the hydro performance to allow for the hydro maintenance period and provision for the low demand during off-peak hours;
- includes the Port Olry community mini-grid operations and costs, meaning electricity customers in Port Olry will now be paying the same per unit rate as VUI’s Luganville electricity customers. This is a significant reduction from their current rate of 150 Vatu/ kWh;
- retains current contributions to Santo fund and Government fund which have been used to support new extensions in Santo and the mini-electricity grids in Ambae & Sola; and
- shall be charged to customers according to a revised customer tariff structure as outlined in the Final Commission Order.

A copy of the URA Commission’s Final Decision and Order (Case U-0001-16) is available from the URA Office and the website www.ura.gov.vu.