



Date: 23rd of August 2018

Electricity prices in Luganville expected to increase by 6.14%.

The Utilities Regulatory Authority (the 'Authority') has released its Preliminary Decision in the matter of Vanuatu Utilities Infrastructures (VUI) Tariff review of Electricity price in Luganville and Port Olry electricity customers.

On 6th January of 2018, VUI lodge a tariff application with the Authority requesting an increase in the contemporary tariffs. The premise of increase stems from the significant decline in hydro performance in 2016 due to the El Nino effect resulting great reliance on diesel generation to meet customer demand during that year. Consequently, VUI was yet to be made whole for the considerable fuel cost it has to meet throughout 2016.

To arrive at its Preliminary Decision, the Authority staff undertook thorough analyses and due investigation into VUI's financial and technical data for the past recent years to derive the new tariff highlighted in this Preliminary Decision. The propose tariff as a result is an increase to the currently applied electricity price of 36.29 Vatu/kWh by 6.14% to **38.52 Vatu/kWh**. This new tariff comprised a 4.98 Vatu/kWh as fuel recovery factor for the significant losses incurred by VUI in 2016, a 1 Vatu/kWh for the Santo fund and 2 Vatu/kWh for the Government fund.

The Santo fund was established in 2014 with sole purpose of extending electricity network into the underlying areas of Luganville specifically to low income earners. The Government fund is contributions towards the Government Assets utilized in producing and supplying electricity services in Luganville.

Accompanying the Preliminary Decision is the Staff Report and Recommendation which provides more detail on the investigation and analyses that underpin the recommended new tariff.

The Authority is inviting feedbacks or comments from the utility (VUI) and any interested persons. Copies of the Preliminary Decision are available on the Authority's website

(www.ura.gov.vu) or from its Head Office in Port Vila located behind VNPF building and at the Luganville North Branch Office located on level 2 of the VNPF building.

Having noted the above, the Authority Staff will also be in Santo in the coming days to conduct public consultations at respective sites around Luganville and Port Olry on its Preliminary Decision. This will also provide opportunities for other interested electricity consumers to provide their comments and feedbacks as well during the course of consultation. The Luganville and Port Olry public will be informed accordingly on the set dates for the consultation including the respective sites.

All feedbacks and comments obtained from interested persons, utility and during the consultations will assist the Authority staff in forming the Final Decision to ensure an equitable and fair tariff is determined.