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URA proposes Business Development Incentive Tariff for new businesses

The Utilities Regulatory Authority (URA) has proposed a new reduced electricity tariff for new large business customers in Port Vila. Under this proposal, new customers or current customers who want to expand will be eligible for a discount of up to 35% in their electricity bills for new consumption. URA CEO, Dr. Hasso Bhatia said "One of the reasons we have high electricity prices here is that we haven't seen electricity demand grow for the last several years. The aim of this proposal is to stimulate economic growth by offering attractive electricity prices to new businesses. This will drive electricity demand leading to increased utilization and efficiency of the network. Greater efficiency will help reduce prices for everyone in the long-run".

The new tariff is based on making more use of the power stations already here. URA Chief Economist, James Ryan explains, "UNELCO has the capacity to produce more than twice the power currently used in Port Vila. The cost of producing extra power is just the cost of fuel. As long as the new tariff covers the out of pocket costs plus cost of fuel then there is no adverse impact on anyone. Over time, the increase in demand will translate into lower prices for everyone".

There will be safeguards put in place to ensure that only eligible new businesses benefit. CEO Bhatia added, "It is very important that we only offer this tariff to genuinely new businesses or genuine expansions of current businesses. If customers swap existing load to this new tariff, it will have the opposite effect and increase prices for everyone else. The proposal includes rules to prevent this".

Anyone wishing to find out more about these proposals is encouraged to attend the public meeting on the 22nd July. Please RSVP to Belinda Reuben on 23335 or breuben@ura.gov.vu. The proposal document is available on the URA's website at www.ura.gov.vu, or from their office at the corner of Pierre Lamy and Andre Ballande Streets, behind the VNPF building. Written comments on the proposal should be submitted by 8th August 2014.

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