



Press Statement

ZESCO Pre-Paid Meters

Following ZESCO Limited's (ZESCO) installation of pre-paid meters in some parts of Lusaka starting in April 2006, the Energy Regulation Board (ERB) has received several complaints from numerous customers regarding, especially, the apparent increase in the cost of electricity at identical consumption patterns, and the multiple payment or charging of fixed charges each time a customer purchased units.

In keeping with its mandate, which, among other things, includes *the receipt and investigation of consumer complaints*, the ERB carried out a comprehensive review of ZESCO's implementation of the programme.

At its Special Board Meeting held on Wednesday 8 November 2006, while commending ZESCO for introducing the pre-payment scheme and noting the efficiencies that should flow from such a system, after due consideration and analysis of the method being used in the determination of tariffs for pre-payment residential customers by ZESCO Limited (ZESCO), the ERB found as follows:

- (a) that the newly introduced pre-payment meter tariff of K114/kwh as was being used by ZESCO in determining tariffs for pre-payment consumers was technically an alteration of the ERB approved tariff for residential consumers;
- (b) that by unilaterally revising this charge without first obtaining the ERB's prior approval, ZESCO was in contravention of the Electricity Act and the licences issued there under;
- (c) that ZESCO had failed or neglected to adequately sensitise its customers on pre-paid meters resulting in some of its customers suffering multiple payments of fixed charges in a month as well as being subjected to unexplained variations in the value of units purchased as a result of recovery of arrears;
- (d) that ZESCO had failed to provide the ERB with a clear strategy of their roll-out programme for the pre-paid meters making it difficult for the ERB to fully reconcile the tariff implications as well as the impact on the tariff structure of the new metering technology; and

- (e) that in view of the findings that, *inter alia*, customers consuming below 1000 kwh a month (about 70% of customers) will effectively be paying more than the approved tariff for the same level of consumption, the flat tariff at K114/kwh was inequitable and regressive.

The Board consequently, **DIRECTED** as follows:

1. that ZESCO applies a tariff of K111/kwh for its pre-paid metered residential customers with effect from 16th November 2006. ZESCO has since accordingly adjusted the tariff for pre-paid metered residential customers to K111/kwh from K114/kwh.
2. that within the two weeks of the date of the Board's Directive, ZESCO should present a clear plan to the ERB of how it will address the problem of multiple payments of fixed charges; and
3. that further, within two weeks of the date of the Board's directive, ZESCO should provide a comprehensive plan for customers sensitization on pre-paid meters.

FRED HANGANDU
ERB SPOKESPERSON