



Multi-Year Tariff Framework
Rule for Determining the Revenue Requirement for Transmission
Network Service Providers and System Operators

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CHAPTER I

GENERAL PROVISIONS

Article 1

Purpose and Scope

- 1 This Rule sets:
 - 1.1 The methodology according to which the ZamStatsRevenue Requirement of the Transmission Network Service Provider and the System Operator will be periodically determined;
 - 1.2 The methodology according to which the ZamStatsRevenue Requirement determined during Periodic Reviews will be automatically updated and adjusted to reflect differences between projected and actual costs; and,
 - 1.3 The principles according to which Transmission Network Service Provider and System Operator charges to recover the ZamStatsRevenue Requirement are calculated.
- 2 This Rule shall apply to Transmission Network Service Providers and System Operators licensed to supply service under regulated conditions.

Article 2

General Principles

- 1 The ZamStatsRevenue Requirement of the Transmission Network Service Provider shall be set during each Periodic Review and shall remain fixed for the duration of the Regulatory Period.
- 2 The ZamStatsRevenue Requirement shall be adjusted during each Regular Adjustment to reflect differences between projected and actual revenues or as a result of non-controllable costs.
- 3 The Transmission Network Service Provider charges shall be calculated each year at such a level which ensures that the Transmission Network Service Provider is able to recover the ZamStatsRevenue Requirement for the forthcoming Tariff Year.

- 4 ZamStatsRevenue Requirement may also be calculated during an Extraordinary Review, which is triggered by the occurrence of an Extraordinary Event leading to differences between projected and actual costs which breach a pre-determined Materiality Threshold.

Article 3

Definitions

- 1 This Methodology uses the following terms and definitions:
- 1.1 “Allowed Depreciation” – has the meaning given in Article 7;
 - 1.2 “Allowed Investment Plan” – means the plan approved during Periodic Reviews, which features the capital projects which will be implemented during the forthcoming Regulatory Period;
 - 1.3 “Allowed Operating and Maintenance Cost” – has the meaning given in Article 7;
 - 1.4 “Allowed Return” – has the meaning given in Article 7;
 - 1.5 “Date of Effectiveness” – means the date of commencement of the forthcoming Regulatory Period;
 - 1.6 “Day” – means a calendar day;
 - 1.7 “Economic Asset Life” – means the asset life used to calculate the depreciation allowance, which is equal to the technical life of the asset unless ERB determines, for a particular asset of the Transmission Network Service Provider, that a life shorter than the technical life shall be used to calculate allowed depreciation;
 - 1.8 “Extraordinary Event” – means the occurrence of a change in the costs of the Transmission Network Service Provider, which is for reasons outside of its control, cannot be recovered by regular adjustments, and breaches the Materiality Threshold;
 - 1.9 “Extraordinary Periodic Review” – means a Periodic Review other than the normal periodic review which can be triggered by a change in costs which breaches the Materiality Threshold;
 - 1.10 “Inflation” – means the Consumer Price Index for “All Items” published by the Zambia Statistical Agency (ZamStats);

- 1.11 “Materiality Threshold” – refers to a change which significantly affects the ZamStatsRevenue Requirement and which is set at 10% of the ZamStatsRevenue Requirement;
- 1.12 “ZamStatsRevenue Requirement” – has the meaning given to it on Article 7;
- 1.13 “Net Present Value” – refers to the financial method of discounting future cash flows which, for the purpose of this methodology, shall be calculated using the Weighted Average Cost of Capital as the discount rate;
- 1.14 “Periodic Review” – means the detailed review of the cost components of the ZamStatsRevenue Requirement of the Transmission Network Service Provider which takes place at the beginning of a new Regulatory Period;
- 1.15 “Regulated Retail Supplier” – the licensee granted with the obligation to supply electricity to customers with regulated tariffs;
- 1.16 “Regular Adjustment” – has the meaning given to it in Article 5;
- 1.17 “Regulated Customer” – any customer who is provided electricity under regulated tariffs;
- 1.18 “Transmission Network Service Provider” – for the purpose of this Rule refers to the legal entity licensed to provide Transmission Network Services under regulated conditions;
- 1.19 “Regulatory Asset Base” – refers to the value of all assets used and useful in providing regulated service, calculated in line with the stipulations provided in Article 8;
- 1.20 “Regulated Guidelines for Periodic Reviews” – has the meaning given to it in Article 4 ;
- 1.21 “Regulatory Period” – means a period of five years unless determined otherwise by the ERB during the Periodic Review;
- 1.22 “Smoothed Allowed Revenues” – means the smoothing of the Depreciation and Allowed Return components of the ZamStatsRevenue Requirement, during Periodic Reviews, such that they are constant in each Tariff Year of the Regulatory Period, subject to the smoothed value generating the same level of revenues, in Net Present Value terms, as the unsmoothed value;

- 1.23 “Tariff Year” – means a 12-months period from the date the approved tariff becomes effective;
- 1.24 “Unregulated Income” – means any income that is generated using regulated resources and is not generated through regulated tariffs;
- 1.25 “Used and useful assets” - means the value of assets which are used to provide the regulated service;
- 1.26 “Weighted Average Cost of Capital” – has the meaning given in Article 9;
- 1.27 “Working Capital” – has the meaning given in Article 10.

Chapter II TARIFF-SETTING PROCESS

Article 4

Periodic Reviews

- 1 The ZamStatsRevenue Requirement of the Transmission Network Service Provider shall be determined during each Periodic Review, which shall be conducted prior to the beginning of each Regulatory Period.
- 2 All inputs, assumptions and parameters relevant to the calculation of the ZamStatsRevenue Requirement shall be determined by the ERB prior to the beginning of each Periodic Review.
- 3 The Operating and Maintenance Costs, Depreciation and Allowed Return components of the allowed revenues shall remain fixed for the duration of the Regulatory Period, except for the changes following the Regular Adjustment process.
- 4 The Maximum Regulatory Period shall be a period of five Tariff Years, unless otherwise decided by ERB, at its sole discretion, prior to the commencement of the Periodic Review.
- 5 Periodic Reviews shall be initiated at least six months prior to the commencement of the forthcoming Regulatory Period.
- 6 Prior to the commencement of each Regulatory Period, ERB shall issue the Regulatory Guidelines for Periodic Reviews, which shall indicate, among others:
 - 6.1 The timeline for completing the Periodic Review, including expected public consultation phases;

- 6.2 The duration of the forthcoming Regulatory Period, should ERB determine that a period other than the default period stipulated in Paragraph 4 of this Article is more appropriate;
 - 6.3 The Periodic Review pro-forma application templates and the associated application guidelines; and
 - 6.4 Any additional information which ERB may require, to their satisfaction, to justify the reasonableness of the actual or projected operating and maintenance or capital expenditure costs.
- 7 At least 90 days prior to the date of effectiveness of the new ZamStatsRevenue Requirement and regulated charges, ERB shall issue a consultation paper presenting their evaluation of the allowed costs required to provide the regulated service.
 - 8 ERB shall allow for a consultation period of at least 30 days following the publication of the Public Notice.
 - 9 ERB shall take a final decision on the new ZamStatsRevenue Requirement and proposed regulated charges within at least 30 days from the date of the Public Hearing.
 - 10 The formula to calculate the ZamStatsRevenue Requirement of the Transmission Network Service Provider during Periodic Reviews is provided in Article 7.

Article 5

Automatic Cost Adjustment Process

- 1 Regular Adjustments shall take place in between each Tariff Year of the Regulatory Period.
- 2 During Regular Adjustments, ERB shall undertake the following automatic calculations of the ZamStatsRevenue Requirement:
 - 2.1 Undertake the indexation of operating and maintenance costs, depreciation allowance and allowed return to inflation;
 - 2.2 Update differences between projected and actual cost of network losses and, in doing so, account for:
 - 2.2.1 Differences between projected and actual energy flows;
 - 2.2.2 Differences between projected and actual cost of purchasing the losses; and,

- 2.2.3 Differences between the percentage allowed and actual network losses.
 - 2.3 Update differences between projected and actual pass-through costs;
 - 2.4 Update allowed revenue components to account for differences between projected and actual exchange rates; and,
 - 2.5 Update differences between projected and actual costs of ancillary services.
- 3 The Transmission Network Service Provider shall submit its proposal of ZamStats and regulated charges as a result of the Regular Adjustment process to ERB at least ninety (90) days prior to the commencement of the forthcoming Tariff Year.
 - 4 The ERB shall notify the Transmission Network Service Provider whether it approves the Transmission Network Service Provider's Regular Adjustment calculation at least seventy (70) days prior to the commencement of the forthcoming Tariff Year.
 - 5 In the event that ERB approves the Transmission Network Service Provider's Regular Adjustment calculations, the ZamStatsRevenue Requirement and regulated charges proposed by the Transmission Network Service Provider shall apply from the date of effectiveness of the forthcoming Tariff Year.
 - 6 In the event that ERB does not approve the Transmission Network Service Provider's Regular Adjustment calculation, then ERB shall provide the reasons and an alternative calculation of the ZamStatsRevenue Requirement and regulated charges, which shall apply from the date of effectiveness of the forthcoming Tariff Year.
 - 7 Differences in ZamStatsRevenue Requirement, which may result from incorrect calculations and updated information or assumptions, shall be recovered in the subsequent relevant years.
 - 8 The formula to calculate the ZamStatsRevenue Requirement of the Transmission Network Service Provider during Periodic Reviews is provided in Article 7.

Article 6

Extraordinary Reviews of the Transmission Network Service Provider

- 1 Extraordinary Reviews are Periodic Reviews triggered by the occurrence of an Extraordinary Event, which is material enough to cause a change in costs that cannot be recovered through Regular Adjustments.

- 2 The Materiality Threshold of the impact in the change in costs shall be 10% of the ZamStatsRevenue Requirement, unless otherwise specified by ERB during Periodic Reviews.
- 3 Extraordinary reviews can be initiated:
 - 3.1 At the initiative of the ERB;
 - 3.2 By a duly lodged request from the Transmission Network Service Provider, subject to ERB accepting, at its own discretion, that the submitted request is justified and meets the required criteria to trigger an Extraordinary Review.
- 4 The ERB shall inform the Transmission Network Service Provider, within 14 Days of receiving the request for an Extraordinary Review, whether it has been duly lodged with all the information required by ERB to determine whether a review is warranted.
- 5 In the event that ERB establishes that the request is duly lodged, ERB shall inform the Transmission Network Service Provider, within 14 days of the duly lodged notification, whether it considers that the Materiality Threshold to trigger an Extraordinary Review has been breached.
- 6 In the event that ERB establishes that an Extraordinary Review is warranted then ERB initiates a Periodic Review for the Transmission Network Service Provider.
- 7 The Schedule and the process for completing an Extraordinary Review is the same as the one for a Periodic Review.

Chapter III DETERMINING THE ZAMSTATSREVENUE REQUIREMENT

Article 7

ZamStatsRevenue Requirement of the Transmission Network Service Provider

- 1 The ZamStatsRevenue Requirement of the Transmission Network Service Provider shall be calculated according to the following formula:

$$RR_t = OPMC_t + DEPC_t + RTRN_t + ATNL_t + ACAS_t + PSTC_t + WCLC_t - SUBS_t - UREG_t + REVA_t$$

where:

RR_t ZamStatsRevenue Requirement of the TNSP in year t

$OPMC_t$ allowed operating and maintenance cost in year t

<i>DEPC_t</i>	<i>allowed depreciation in year t</i>
<i>RTRN_t</i>	<i>allowed return in year t</i>
<i>ATNL_t</i>	<i>allowed transmission network losses in year t</i>
<i>ACAS_t</i>	<i>allowed cost of ancillary services in year t</i>
<i>PSTC_t</i>	<i>pass-through costs in year t</i>
<i>WCLC_t</i>	<i>working-capital costs in year t</i>
<i>SUBS_t</i>	<i>any recurrent subsidies the Transmission Network Service Provider may receive in year t</i>
<i>UREG_t</i>	<i>means any unregulated income received in year t</i>
<i>REVA_t</i>	<i>revenue adjustment factor in year t</i>

2 Allowed Operating and Maintenance costs shall:

- 2.1 Be set during Periodic Reviews and shall stay fixed for the duration of the Regulatory Period;
- 2.2 Include only the portion of costs of the Transmission Network Service Provider that can be attributed to the licensed activities;
- 2.3 Operating and Maintenance costs may include only a portion of corporate costs of a parent company or an associated entity which can be attributed to the Transmission Network Service Provider based on clearly quantifiable cost allocators shared with ERB;
- 2.4 Be smoothed and indexed to projected inflation in line with the formula specified in Article 10 of this Rule.

3 Allowed Depreciation shall:

- 3.1 Be set during Periodic Reviews and shall stay fixed for the duration of the Regulatory Period;
- 3.2 By default, be calculated using the straight-line depreciation method, unless otherwise approved by ERB, for a specific project, and based on a justified request of the Transmission Network Service Provider;
- 3.3 Be calculated by ERB for specific categories of assets using their Economic Life of the Asset; and

- 3.4 Be smoothed and indexed to annual inflation in line with the formula specified in Article 10 of this Rule.
- 4 Allowed Return shall:
 - 4.1 Be set during Periodic Reviews and shall stay fixed for the duration of the Regulatory Period;
 - 4.2 Be calculated as the product of the Weighted Average Cost of Capital and the average opening and closing value of the Regulatory Asset Base in any given Tariff Year; and,
 - 4.3 Be smoothed and indexed to annual inflation in line with the formula specified in Article 10 of this Rule.
- 5 Allowed Network Losses of the Transmission Network Service Provider shall:
 - 5.1 Be set during periodic reviews for each of the tariff years of the forthcoming regulatory period;
 - 5.2 Be the reasonable projected allowed network losses of the Transmission Network Service Provider for year t; and,
 - 5.3 Be updated each year to cover differences between projected allowed network losses and actual network losses costs in the Tariff Year, in line with the formula specified in Article 10 of this Rule.
- 6 Allowed pass-through costs shall:
 - 6.1 Be sufficient to recover the Transmission Network Service Provider's pass-through costs, including, but not limited to, licensing fees and any other charges the Transmission Network Service Provider reasonably requires to cover expenses imposed on it through its license conditions;
 - 6.2 Be calculated according to the formula provided under Article 10 of this Rule.
- 7 Allowed Working Capital Costs shall:
 - 7.1 Be sufficient to allow the Transmission Network Service Provider to cover the financing costs of the working capital;
 - 7.2 Be calculated according to the formula provided under Article 10 of this Rule.

Article 8

The Regulatory Asset Base

- 1 The Regulatory Asset Base shall be the sum of all assets used and useful in providing a regulated service.
- 2 The Regulatory Asset Base shall stay fixed for the duration of the Regulatory Period.
- 3 The Regulatory Asset Base shall be used to calculate the allowed depreciation and allowed return components of the ZamStatsRevenue Requirement.
- 4 An asset valuation shall be undertaken by the Transmission Network Service Provider during each Periodic Review.
- 5 The asset valuation shall be undertaken using the depreciated historic cost valuation method in order to arrive to the value of the Regulatory Asset Base.
- 6 During Periodic reviews, in the event that the actual unit cost is higher than the allowed unit cost of a capital expenditure project, the Transmission Network Service Provider may ask ERB that the Regulatory Asset Base be adjusted to reflect the higher actual unit cost rather than the allowed unit if the Transmission Network Service Provider provides sufficient evidence, to ERB's satisfaction, that the difference between the allowed and actual unit cost of a capital expenditure project is a result of reasons beyond the control of the Transmission Network Service Provider.
- 7 In calculating the opening value of the Regulatory Asset Base for the forthcoming regulatory Period, the Regulatory Asset Base shall be updated to account for inflation during the previous regulatory period.
- 8 During Periodic Reviews, ERB shall approve the Allowed Investment Plan, which features a list of capital expenditure projects that are allowed to be implemented and included in the Regulatory Asset Base.
- 9 Invested assets shall be added to the Regulatory Asset Base at the middle of the year in which they are commissioned and at the value allowed by the ERB.
- 10 The Transmission Network Service Provider shall be allowed to earn a return to compensate for financing costs during construction.
- 11 The Allowed Investment Plan for the Regulatory Period, once approved, stays fixed for the duration of the Regulatory Period.

- 12 During the Regulatory Period, the Transmission Network Service Provider may choose to substitute a capital investment approved in the Allowed Investment Plan with an alternative investment. In such cases, Transmission Network Service Providers shall seek approval from ERB after providing sufficient justification that the alternative capital investment brings equal or better value to customers than the original one.
- 13 During Periodic Reviews, the Transmission Network Service Provider may choose to substitute a capital investment approved in the Allowed Investment Plan with an alternative investment. In such cases, the Transmission Network Service Provider shall seek approval from ERB after providing sufficient justification that the alternative capital investment brings equal or better value to customer than the original one.
- 14 Capital Expenditure subsidies shall be deducted in full from the total value of the Regulatory Asset Base unless ERB determines otherwise, at its sole discretion and in exceptional circumstances, depending on the ownership of the Transmission Network Service Provider and the provider of the subsidy.

Article 9

Weighted Average Cost of Capital

- 1 The Weighted Average Cost of Capital shall:
 - 1.1 Be calculated during each Periodic Review and shall stay fixed for the duration of the Regulatory Period;
 - 1.2 Be calculated according to the following formula:

$$WACC = g*r_d + (1-g)*r_e/(1-t)$$

where:

WACC is the Weighted Average Cost of Capital

g is the ratio of debt to the sum of all assets

r_d is the return on debt

r_e is the return on equity, set according to the Capital Asset Pricing Model (CAPM)

t is the corporate tax rate applicable in Zambia

- 2 The allowed cost of debt of the Transmission Network Service Provider is set equal to the weighted average actual cost of debt incurred by the Transmission Network Service

Provider, unless ERB considers that the actual cost of debt incurred by the Transmission Network Service Provider is above prevailing market rates, in which case ERB may propose an alternative cost of debt;

- 3 For the avoidance of doubt, subsidized loans which may have a lower interest rate than prevailing market rates will be passed through at the actual rate so that the benefits of a lower rate are passed through to customers in the form of a lower WACC;
- 4 The gearing ratio shall be set to reflect the actual financing structure of the Transmission Network Service Provider except where the gearing ratio is below 0.4 or above 0.7 in which case the ERB shall set the gearing ratio at 0.4 for the former and at 0.7 for the latter;
- 5 The cost of equity shall be set according to the Capital Asset Pricing Model (CAPM) and calculated using the following formula:

$$r_e = r_f + \beta * ERP$$

where:

r_e is the return on equity

r_f is the risk-free rate

β represents the volatility of the individual equity asset compared to that of the market as a whole

ERP represents the equity risk premium of the market as a whole

Article 10

Adjusting the ZamStats

- 1 During Regular Adjustments, ERB shall adjust the ZamStatsRevenue Requirement to:
 - 1.1 Index components of the ZamStatsRevenue Requirement to inflation;
 - 1.2 Account for differences between projected and actual costs allowed for in Article 5; and,
 - 1.3 Calculate the working capital allowance of the Transmission Network Service Provider.
- 2 Allowed operating and maintenance costs (OPMC) shall be re-calculated at each Tariff Year using the following formula:

$$OPMC_t = OPMC_{t-1} * (1 + CPI_{t-1})$$

where:

$OPMC_t$ is the allowed operating and maintenance costs in Tariff Year t

$OPMC_{t-1}$ is the smoothed allowed operating and maintenance costs in Tariff Year $t-1$, except in Tariff Year 1 where ERB shall use the $OPMC_t$ allowance determined during the Periodic Review

CPI_{t-1} is the inflation index calculated based on the Consumer Price Index for All Items published by the ZamStats.

- 3 Allowed Depreciation (DEPC) shall be re-calculated at each Tariff Year using the following formula:

$$DEPC_t = DEPC_{t-1} * (1 + CPI_{t-1})$$

where:

$DEPC_t$ is the allowed depreciation costs in Tariff Year t

$DEPC_{t-1}$ is allowed depreciation costs in year $t-1$, except in Tariff Year 1 where ERB shall use the $DEPC_t$ allowance determined during the Periodic Review, the value is smoothed so that it is equal throughout the regulatory period, while maintaining revenue neutrality in Net-Present Value terms

CPI_{t-1} is the inflation index calculated based on the Consumer Price Index for All Items published by ZamStats.

- 4 Allowed Return (RTRN) shall be re-calculated at each Tariff Year using the following formula:

$$RTRN_t = RTRN_{t-1} * (1 + CPI_{t-1})$$

where;

$RTRN_t$ is the allowed return in Tariff Year t

$RTRN_{t-1}$ is allowed return in year $t-1$, except in Tariff Year 1 where ERB shall use the $RTRN_t$ allowance determined during the Periodic Review, the value is smoothed so that it stays the same throughout the regulatory period, while maintaining revenue neutrality in Net-Present Value terms

CPI_{t-1} is the inflation index calculated based on the Consumer Price Index for All Items published by ZamStats

- 5 Allowed Transmission Network Losses of the Transmission Network Service Provider (ATNL_t) shall be re-calculated at each Tariff Year using the following formula:

$$ATNL_t = ATLP_t * VOLL_t * WAPPC_t + (ATNL_{a,t-1} - ATNL_{f,t-1}) * (1 + I_t)$$

where:

$ATNL_t$ is the cost of allowed transmission network losses in Tariff Year t

$ATLP_t$ is the allowed transmission loss percentage in Tariff Year t

$VOLL_t$ is the allowed transmission loss percentage in Tariff Year t

$WAPPC_t$ is the allowed weighted average power purchase cost in Tariff Year t

$ATNL_{a,t-1}$ is the actual cost of losses incurred in Tariff Year $t-1$

$ATNL_{f,t-1}$ is the forecast cost of losses in Tariff Year $t-1$

I_t is the short-term interest rate proxied to the Overnight Lending Rate published by the Bank of Zambia or an alternative rate proposed by ERB to reflect the actual lending rate in Zambia

- 6 Allowed Cost of Ancillary Services (ACAS_t) of the System Operator shall be re-calculated at each Tariff Year using the following formula:

$$ACAS_t = ACAS_f_t + (ACAS_{a,t-1} - ACAS_{f,t-1}) * (1 + I_t)$$

where:

$ACAS_t$ is the Allowed Cost of Ancillary Services in Tariff Year t

$PSTC_f_t$ is the projected Cost of Ancillary Services in Tariff Year t

$PSTC_{a,t-1}$ is the actual Cost of Ancillary Services incurred in year $t-1$

$PSTC_{f,t-1}$ is the projected Cost of Ancillary Services cost in year $t-1$

I_t is the short-term interest rate proxied to the Overnight Lending Rate published by the Bank of Zambia or an alternative rate proposed by ERB to reflect the actual lending rate in Zambia

- 7 Allowed Pass-Through Costs (PSTC) shall be re-calculated at each Tariff Year using the following formula:

$$PSTC_t = PSTCf_t + (PSTCa_{t-1} - PSTCf_{t-1}) * (1 + I_t)$$

where:

$PSTC_t$ is the Pass-Through cost in Tariff Year t

$PSTCf_t$ is the projected Pass-Through Cost in Tariff Year t

$PSTCa_{t-1}$ is the actual Pass-Through Cost incurred in year $t-1$

$PSTCf_{t-1}$ is the projected Pass-Through cost in year $t-1$

I_t is the short-term interest rate proxied to the Overnight Lending Rate published by the Bank of Zambia or an alternative rate proposed by ERB to reflect the actual lending rate in Zambia

- 8 The Working Capital allowance shall be calculated as per the following formula:

$$WCLC_t = 1/12 * WACC * (OPMC_t + DEPC_t + RTRN_t + ATNL_t + ACAS_t + PSTC_t - SUBS_t)$$

where:

$WCLC_t$ is the Working Capital Allowance in year t

$WACC$ is the Weighted Average Cost of Capital

$OPMC_t$ is the Operating and Maintenance Cost Allowance in year t

$DEPC_t$ is the Depreciation Allowance in year t

$RTRN_t$ is the Allowed Return in year t

$ATNL_t$ is the cost of allowed transmission network losses in year t

$ACAS_t$ is the allowed cost of ancillary services in year t

$PSTC_t$ is the pass-through cost allowance in year t

$SUBS_t$ is any recurrent subsidies the Transmission Network Service Provider receives in year t .

- 9 The Revenue Adjustments Factor shall be calculated during each Regular Adjustment using the following formula:

$$REVA_t = (RR_{t-1} - ARR_{t-1}) * (1 + I_t)$$

where:

REVA_t is the Revenue Adjustment Factor in year t

RR_{t-1} is the allowed Revenue Requirement (expressed in Kwacha) of the Transmission Network Service Provider in year t-1

ARR_{t-1} is the Actual Regulated Revenue (expressed in Kwacha) in year t-1

I_t is the short-term interest rate proxied to the Overnight Lending Rate published by the Bank of Zambia or an alternative rate proposed by ERB to reflect the actual lending rate in Zambia

- 10 Regular Adjustments shall include any other adjustments reasonably determined by ERB to reflect any other justifiable differences or adjustments in the ZamStatsRevenue Requirement, which are not covered by the formulae in paragraphs (1) – (9) of this Article.

CHAPTER IV TRANSMISSION NETWORK SERVICE PROVIDER CHARGES

Article 11

Transmission Network Service Provider Use of System Charging Principles

- 1 Use of System Regulated Charges applied by the Transmission Network Service Provider and System Operator shall reflect the principles of this Article.
- 2 Regulated charges will be volumetric Energy Charges determined based on the forecast electricity volumes of the Transmission Network Service Provider and the System Operator.
- 3 The final structure of the charges applied by the Transmission Network Service Provider and the System Operator is subject to the ERB's review and approval.

CHAPTER V CONNECTION CHARGES

Article 12

Connection Charges Principles

- 1 The Transmission Network Service Provider shall set Connection Charges in accordance with a Methodology proposed by the Transmission Network Service Provider and approved by ERB.
- 2 The Methodology referred to in paragraph 1 of this Article shall enable the Transmission Network Service Provider to set connection charges at a level which ensures recovery of the costs of provisioning installation of plant and equipment for the purpose of constructing or modifying a connection to the transmission system, so long as these costs are not recovered through other charges.
- 3 Revenues from Connection Charges shall comprise part of the ZamStatsRevenue Requirement of the Transmission Network Service Provider.

CHAPTER VI FINAL PROVISIONS

Article 13

Interpretation of the Rule

- 1 In the event there is uncertainty about the interpretation of any of the provisions of the Rule, the ERB Board will issue instructions and interpretations.

Article 14

Changes to the Rule

- 1 ERB Board retains the right to change any provisions of the Rule, subject to a public consultation process.
- 2 The procedure for changing the Rule is the same as the one applied for its initial approval.

Article 15

Entry Into Force

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1st January, 2023