



NET METERING PRICING FRAMEWORK

Principles, methodology and processes for the approval Net Metering Reference Tariffs

OCTOBER 2026

Table of Contents

1. Purpose	1
2. Legal Framework	1
3. Tariff Principles	1
3.1 <i>Statutory Provisions</i>	1
4. Scope and Application	1
4.1 <i>Objectives of the Net Metering Pricing Framework</i>	2
4.2 <i>Net Metering Programme</i>	2
4.3 <i>Determination of Net Metering Reference Tariffs</i>	2
4.4 <i>Net Metering Quantity</i>	2
4.5 <i>Net Metering Reference Tariffs determination process</i>	2
4.6 <i>Determination of the Applicable Tariff to Prosumers</i>	3
4.7 <i>Determination of the Maximum Distribution Use-of-System Charges</i>	3
5. Billing Process and Reconciliation from Net Metering Generation	3
5.1 <i>Export tariff</i>	4
5.2 <i>Prepaid customers</i>	4
5.3 <i>Postpaid customers</i>	4
6. ANNEX I:	5

I. Purpose

The purpose of the Net Metering Pricing Framework is to set out the principles, methodology and processes for the approval of the Net Metering Prices by the Energy Regulation Board (ERB). The framework is intended to provide licensees with a clear, step-by-step guide on the information required by the ERB to determine Net Metering Reference Tariffs. It also serves to inform the industry participants of the requirements and approval processes of Net Metering applications.

2. Legal Framework

The Framework is issued pursuant to:

- I. Energy Regulation Act Cap 436 of the Laws of Zambia
- II. Electricity Act Cap 433 of the Laws of Zambia
- III. Electricity (Net Metering) Regulations, *Statutory Instrument No. 38 of 2024*
- IV. Distribution Grid Code
- V. Multi-Year Tariff Framework

3. Tariff Principles

3.1 Statutory Provisions

The following provisions of the Electricity Act Cap 436 specifically require the ERB in preparing the framework and approving tariffs to take into consideration the principles below:

Table I: Tariff principles

No.	Provision	Definition
1	Section 30 (a)	A tariff shall be fair and reasonable and reflect the cost of efficient business operation;
2	Section 30 (b)	A tariff shall ensure quality of service, predictability of tariff adjustment and reasonable rate of return on capital investment;
3	Section 30 (c)	A tariff shall encourage competition, economical use of the source of electricity, good performance and optimum investment;
4	Section 30 (d)	A tariff shall reward efficiency in performance; and
5	Section 30 (e)	A tariff shall reflect enforceable standards for the quality and cost of the supply of electricity to retail consumers and non-retail consumers.

4. Scope and Application

The framework shall apply to ERB, to a distribution enterprise, to renewable energy customer-generators operating under the Net Metering programme and connected to the distribution

Network Service provider (DNSP) in Zambia and the non-dispatchable energy from renewable energy technology.

4.1 Objectives of the Net Metering Pricing Framework

The pricing framework aims to establish a transparent and consistent methodology for determining the Net Metering Reference Tariff, ensure fair compensation for electricity exported by prosumers, provide for efficient and non-discriminatory recovery of network costs through approved Distribution Use of System (DUoS) charges and provide clear billing and settlement procedures for electricity imported from and exported to the grid.

4.2 Net Metering Programme

The Net Metering programme enables electricity consumers of a DNSP who own and operate renewable energy systems of up to 5MW (“Prosumers”) to sell their excess energy to the DNSP.

4.3 Determination of Net Metering Reference Tariffs

The ERB shall determine and publish the Net Metering Reference Tariff using the Short-Run Marginal costs of the least cost hydropower plant. The tariff comprises the applicable distribution and energy charges (K/kWh) for the exchange of electricity between the prosumer and the distribution utilities and shall be valid for a period of one year.

4.4 Net Metering Quantity

The Net Metering Quantity shall be determined based on the difference between the electricity generated and exported by the prosumer and the electricity supplied to the prosumer by the distribution Utility during the applicable billing period.

4.5 Net Metering Reference Tariffs determination process

Regulation 22 of SI 38 provides that the ERB shall determine the Reference Tariff (RT) for export of electricity from the net metering generation. The RT shall form the basis for compensating the prosumer for net quantity of electricity exported to the distribution network.

The reference tariff for exports shall be published by the ERB in the last month of each year and shall be used by a distribution enterprise and prosumer in the following year.

The Second Schedule under Regulation 22 provides the steps when determining the reference tariff for exports from net-metering generation. The steps are described in **Annex I**.

4.6 Determination of the Applicable Tariff to Prosumers

A prosumer that has consistently drawn electricity from the distribution utility shall, by 15th December of each year, submit a report to the distribution utility containing metering data, in kilowatt-hours (kWh), for the period from 15th December of the preceding year to 30th November of the current year. The report shall indicate:

- a) Total electricity imported from the distribution utility;
- b) Total electricity exported to the distribution utility; and
- c) Gross electricity generated by the prosumer's net-metering generation facility.

Consequently, according to Regulation 22 (3), the reference tariff to be applied by a distribution enterprise to the prosumers.

4.7 Determination of the Maximum Distribution Use-of-System Charges

Regulation 13 of SI No 38 of 2024 allows a distribution enterprise to levy distribution use of system charge on a wheeling prosumer in a non-discriminatory and transparent manner. The charge:

- (a) shall be subject to the regulation and prior approval of the ERB.
- (b) shall be expressed in per kilo-watt-hour.
- (c) shall be paid by a prosumer through his regular bills or purchase from a distribution enterprise.
- (d) may not exceed fifty percent of the Tariff 3 referred to in regulation 27.

5. Billing Process and Reconciliation from Net Metering Generation

Net metering billing process shall follow the same billing cycle applicable to the prosumer's existing standard supply (import) agreement with the distribution utility. The distribution utility shall incorporate both the monetary value of electricity imported from the grid and the monetary value of electricity exported to the grid into its metering and billing processes.

The metering and billing process shall be such that:

- (a) A distribution enterprise shall credit a prosumer's pre-paid meter account with an amount of money corresponding to the value of an export, whenever the net metering generation meter registers an export.
- (b) Consequently, the net money tendered by a prosumer to purchase subsequent pre-paid energy shall be less the value of the money credited for the exports on the pre-paid meter account.
- (c) A distribution enterprise shall, for the billing period, charge a post-paid metered prosumer for imports in the usual manner, but the net payable invoice amount shall be less the monetary value of the exports.

5.1 Export tariff

The prosumer shall be compensation based on an ERB-approved Net Metering Reference Tariff expressed in ZMW/kWh.

5.2 Prepaid customers

For pre-paid customers, the total earnings are applied monthly to their meter accounts and converted into electricity units. Exported electricity is valued using the approved net metering tariff and the resulting credit is applied to the customer's account and converted into electricity units.

5.3 Postpaid customers

For post-paid customers, their total earnings were deducted from their ZESCO monthly energy bills. The value of electricity exported is credited against the customer's electricity bill.

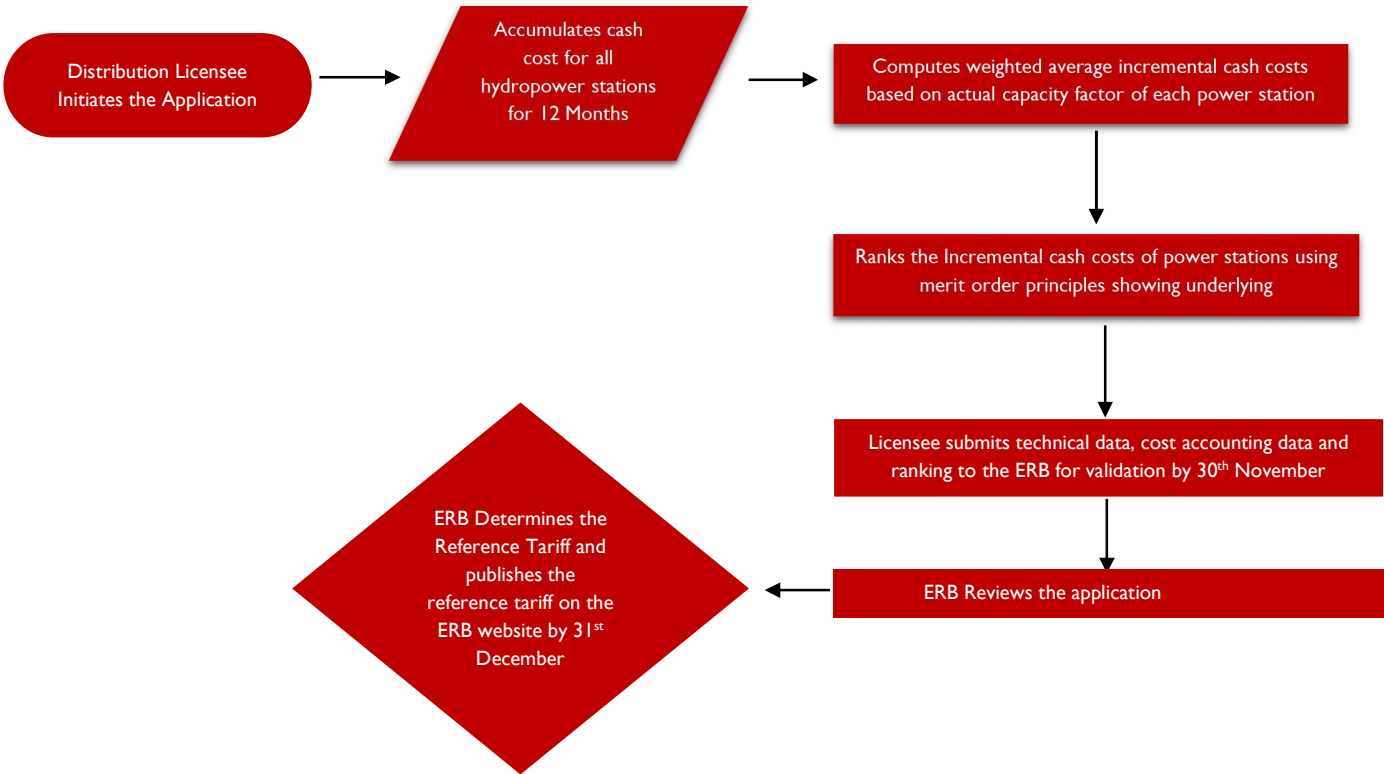
The settlement statement should separately show:

- electricity imported by a prosumer from the distribution Network
- electricity exported by a prosumer to the distribution Network;
- applicable export tariff;
- export credit;
- applicable DUoS charge; and
- net amount/units payable or credited.

the reference tariff on the ERB website

6. ANNEX I:

Net Metering Reference Tariffs Determination Process



ERB

Reviews, approves and publishes the reference tariff on the ERB website