

NOTICE OF INQUIRY

CALL FOR PUBLIC MEETING TO COLLECT STAKEHOLDERS' VIEWS ON TANESCO'S APPLICATION FOR EMERGENCY TARIFF ADJUSTMENT

On 9th November 2011, the Energy and Water Utilities Regulatory Authority (“EWURA”) received an emergency tariff application from Tanzania Electric Supply Company Limited (“TANESCO”) requesting for approval of an average tariff increase of 155% of the current electricity tariffs as depicted in Table 1 below. The application has been registered by EWURA with reference N^o TR-E-11-012. Pursuant to Section 19(2) (b) of Cap 414, EWURA hereby initiates an inquiry process to establish the reasonableness or otherwise of the requested tariffs which are proposed to come into effect from **1st January 2012**.

Table 1: Current and Proposed Tariff Structure

Customer Category		Component	Current Tariff (TZS)	Proposed Tariff (TZS)
DI	Domestic Low Usage	Basic Charge	0	0
		Energy Charge (0-50kWh)	60	153
		Energy Charge (above 50 kWh)	195	497
T1	General Use	Basic Charge /Month	2,738	3,106
		Energy Charge	157	400
T2	Low Voltage Supply	Basic Charge/Month	10,146	25,875
		Energy Charge	94	240
		Demand (kVA)	12,078	30,802
T3	High Voltage Supply	Basic Charge/Month	10,146	25,875
		Energy Charge	84	212
		Demand (kVA)	10,350	26,395
T5	ZECO	Basic Charge/Month	10,146	25,875
		Energy Charge	83	212
		Demand (kVA)	8,610	21,957

In accordance with the application, Tanzania experienced poor hydrology in catchment areas in 2010 and 2011 that negatively impacted upon hydroelectric power generation. As a result, the country experienced an acute shortage of power that affected TANESCO's financial stability. To ameliorate the situation, TANESCO entered into an Interim Power

Purchase Agreement with IPTL to supply 100MW using Heavy Fuel Oil (HFO); signed a Power Purchase Agreement with Symbion LLC to generate 112MW (75MW gas fired); and entered into Power Purchase Agreement with Aggreko to supply 100MW using gas oil. Furthermore, TANESCO has procured its own dual fuel power plant of 150MW and an HFO fired plant of 70MW. With the exception of TANESCO power plants which will be operational in 2012, the emergency rental power plants owned by Symbion and Aggreko are already operational and they have considerably reduced power rationing in the country. However, the emergency power efforts have significantly increased TANESCO's operational costs; hence this request by TANESCO to increase its tariff by 155%, on an emergency basis.

In accordance with Paragraph 15 (1)(3) of the Tariff Application Guidelines of 2009, the Minister responsible for energy who in principle, supports, TANESCO's application has in that regard, issued a *Certificate of Urgency* to EWURA to expedite the approval process of the Application. EWURA received the said certificate from the Minister on 11th November 2011. Consequently, EWURA is reviewing TANESCO's application on an urgency basis that calls for issuance of a *Provisional Order* to be issued after a limited public consultative process.

In this regard, kindly note that the Public Meeting to collect stakeholders' views including the general public shall be held on 2nd December, 2011 at National Museum Theater Hall in Dar es salaam from 10:00am. All stakeholders and the public at large are invited to submit written views/comments pertinent to the application any time before 17:00 hours on Monday, 30th November 2011. You are kindly requested to observe time and deadlines indicated in this notice.

The Application N^o TR-E-11-012 is available on EWURA website (www.ewura.go.tz) with exception of confidential materials obtained and retained by EWURA pursuant to Section 25 of Cap 414.

More information may be obtained upon written request to EWURA using the above indicated address.

Issued by:

Director General

Energy and Water Utilities Regulatory Authority