



Liberia Electricity Regulatory Commission

Behind Lonestar MTN Headquarters, Tubman Boulevard
Congo Town, Monrovia, Liberia



OCTOBER 25, 2021

LIBERIA ELECTRICITY CORPORATION'S TARIFFS REVIEW, ABRIDGED APPLICATION FOR PUBLIC COMMENT AND PUBLIC HEARING

1. INTRODUCTION

On May 21, 2021, the Liberia Electricity Regulatory Commission (LERC) requested the Liberia Electricity Corporation (LEC) to submit its Tariff Review Application pursuant to the 2015 Electricity Law of Liberia and the Electricity Tariff Regulations (ETR). The LEC has accordingly submitted its application for revision in the electricity rates for consumers in Liberia to cover the period 2022 to 2024.

This document is an abridged form of the LEC tariff application and is being published by LERC in fulfillment of provisions of the ETR to allow for a transparent approval of tariffs by the Commission in accordance with the 2015 Electricity Law of Liberia, the ETR and the Multi-Year Tariff Methodology (MYTM).

LEC is a government owned utility that is licensed by LERC under the 2015 Electricity Law of Liberia to generate, transmit, distribute, import and undertake the services of the Transmission System Operator (TSO) of electricity in Liberia.

The existing electricity tariffs were approved provisionally by LERC in September 2020. The current tariff proposal is the subject of a major review of the levels and structure of electricity rates with respect to customer categories.

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2. MAIN HIGHLIGHTS OF APPLICATION

2.1 CURRENT AND PROPOSED TARIFF LEVELS AND STRUCTURE

LEC's Current and Proposed Tariffs Structure per customer category					
Tariff Class	Rates and Charges	Consumption (kWh)	Current Tariffs in US cents (excl. GST)	Proposed Tariffs in US cents (excl. GST)	Comments
Social Tariff	Variable ¹ (US\$/kWh)	1-20	22 Cents	22 Cents	For monthly consumption up to 20kW
Residential ² Prepaid	Fixed ³ (US\$/kWh)				
	Variable (US\$/kWh)	0-100	35 Cents	30 Cents	
		100-200			
200 +					
Residential Postpaid	Fixed (US\$/kWh)				
	Variable (US\$/kWh)	0-100	35 Cents	30 Cents	
		100-200			
200 +					
Commercial ⁴ Prepaid	Fixed (US\$/kWh)				
	Variable (US\$/kWh)	0-100	35 Cents	27 Cents	
		100-200			
200 +					
Commercial Postpaid	Fixed (US\$/kWh)				
	Variable (US\$/kWh)	0-100	35 Cents	27 Cents	
		100-200			
200 +					
Medium Voltage ⁵	Fixed (US\$/kWh)		-	-	
	Variable (US\$/kWh)		35 Cents	25 Cents	
Extra Large ⁶ Customers	Fixed (US\$/kWh)		-	-	Special Tariff to be negotiated
	Variable (US\$/kWh)		35 Cents	-	
Street Lighting	Variable (US\$/kWh)		35 Cents	27 Cents	

¹Variable rate means the charge for energy

²Residential prepaid or post-paid means a non-commercial customer

³Fixed Charge means the charge for capacity or for recovery of fixed assets cost

⁴Commercial means non-residential customer

⁵Medium Voltage means a customer who is supplied at 22kV or 33kV

⁶Extra Large means a customer whose demand is above rating of 1500Kva per month

2.2 LEC's NET ASSET VALUE

The table below is the summary of LEC's Net Asset Value. It shows the three sources of LEC's asset financing in United States Dollars along the activity areas.

	LEC Financing	Liberia Gov't Financing	Grants Financing
Generation	243,889.21	26,936,070.07	127,759,620.60
Transmission	4,722.42	-	318,388,566.20
Distribution	2,207,343.23	-	36,145,378.23
TOTAL	2,455,954.86	26,936,070.07	482,293,565.03

Source: LEC Datasheet

2.3 LOSS REDUCTION TARGETS FOR TARIFF PERIOD

Table 2.3 represent LEC's loss reduction Targets from 2020 to 2024. It shows the percentage at which LEC shall phase off electricity losses during the proposed tariff period from 2022 to 2024.

Table 2.3

	2020	2021	2022	2023	2024
Technical Losses	12%	12%	8%	8%	8%
Non-Technical Losses- LEC Distribution	52%	46%	36%	25%	16%
Total Losses	64%	58%	48%	37%	28%

Source: LEC Business Plan



2.3 OPERATING COSTS FORECAST FOR THE TARIFF PERIOD

Table 2.3 below is LEC's Statement of Comprehensive Income for the period 2020 to 2024 which includes actual and forecast. The period 2022 to 2024 is the forecast period which also represents the three years for the proposed tariff period.

Table 2.3

STATEMENT OF COMPREHENSIVE INCOME			FORECAST		
(000'\$)					
	2020	2021	2022	2023	2024
Energy Revenue	26,577	32,310	150,564	183,947	209,033
<i>Postpaid Meter Sales</i>	13,557	14,842	30,204	32,304	30,204
<i>Prepaid Meter sales</i>	11,861	15,131	117,555	148,278	174,791
<i>Medium Voltage Sales</i>	1,055	2,182	2,618	3,142	3,770
<i>Add: Power Connection Fees</i>	104	155	186	223	268
O&M COSTS- GENERATION, TRANSMISSION AND DISTRIBUTION	37,482	43,679	77,053	95,155	130,178
<i>Resellers</i>	724	864	1,243	1,491	1,790
<i>Commission on prepaid meter sales</i>	724	864	1,243	1,491	1,790
GENERATION	23,046	28,005	56,348	73,470	107,547
<i>Fuel for generation (incl.storage) & IPP Costs</i>	2,989	7,270	10,817	12,237	13,461
<i>Lubricants & solvents</i>	565	1,905	3,937	4,384	4,935
<i>Salaries and other employees' benefits</i>	4,395	3,496	3,499	3,499	3,499
<i>Maintenance O&M Contract</i>	3,692	3,761	-	-	-
<i>Maintenance O&M</i>	-	-	3,524	3,700	4,070
<i>Camp Costs</i>	1,977	1,883	1,920	1,920	1,920
<i>Insurance costs</i>	709	789	630	630	630
<i>Depreciation Expense</i>	8,526	8,651	9,296	12,014	12,501
<i>Transport Fuel & Vehicles expenses</i>	33	38	42	48	49
<i>CLSG</i>			22,430	34,733	66,116
<i>Other</i>	161	212	254	305	366
TRANSMISSION	7,420	7,840	9,605	9,769	9,744
<i>Salaries and other employees' benefits</i>	3,884	3,090	3,092	3,092	3,092
<i>Materials</i>	570	1,787	2,256	2,231	2,010
<i>Depreciation Expense</i>	2,824	2,789	4,057	4,221	4,392
<i>Transport Fuel & Vehicles expenses</i>	142	174	200	225	250
DISTRIBUTION	6,292	6,969	9,857	10,424	11,097
<i>Salaries and other employees' benefits</i>	2,567	2,042	2,044	2,044	2,044
<i>Materials</i>	883	1,742	1,440	1,440	1,440
<i>Depreciation Expense</i>	1,881	1,858	3,013	3,135	3,262
<i>Transport Fuel & Vehicles expenses</i>	236	393	400	400	489
<i>Commission on prepaid meter sales</i>					
<i>Street Lights Contractor</i>	410	523	589	589	500
<i>Project expenses</i>					
<i>Other Expenses/Costs</i>	315	411	498	521	550
<i>Bad Debt</i>			1,873	2,295	2,812
Gross Profit	(10,906)	(11,370)	73,511	88,793	78,856
Other Income (net of other gains/losses)	87	35			
Grant Income	14,953	213			
Net Finance Costs (incurred - received)	(68)	131			
(Loss)/ profit before income tax					
<i>Income Tax Expense</i>					
(Loss)/ profit after income tax					
<i>Other comprehensive income:</i>					
<i>Gain/Loss on Foreign Exchange</i>	(11)				
<i>Measurement of retirement benefit obligations</i>	63				
Total comprehensive income for the year	4,118	(10,992)	73,511	88,793	78,856

Source: LEC Tariff Application Datasheet

3 APPLICATION REVIEW SCHEDULE

No	Activity	Delivery Date
1	Acknowledgement of complete application	October 25, 2021
2	Publication of Notice of Pendency	October 26, 2021
3	Publication of Abridged Application	October 26, 2021
4	Public Hearing on LEC's Application	November 12, 2021
5	BoC's decision on LEC's Proposal	December 10, 2021
6	Formal Notice of BoC's decision to LEC	December 10, 2021
7	Publication of Decision in Official Gazette and in Newspapers	December 10, 2021
8	Tariffs Effective Date	January 1, 2022

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