

SPEECH DELIVERED BY THE CHAIRMAN OF THE BOARD OF COMMISSIONERS OF THE LIBERIA ELECTRICITY REGULATORY COMMISSION (LERC), HON. CLAUDE J. KATTA, ON THE ANNOUNCEMENT OF A DECISION ON THE APPLICATION FOR TARIFF REVIEW OF JUNGLE ENERGY POWER (JEP)

Members of the Board of Commissioners of LERC:

Atty. Kla-Edward Toomey, II and Honorable Amara M. Kamara

Honorable Charles Umehai,

Deputy Minister of Energy, Ministry of Mines and Energy;

Honorable Superintendents of Nimba and Bong Counties;

CEO Floyd Tomah, Sr. and the Management of JEP;

Representatives from various civil society organizations and interest groups;

The media;

Distinguished ladies and gentlemen.

Good morning,

As Chairman of the Board of Commissioners of the Liberia Electricity Regulatory Commission (LERC), it is my pleasure and pleasing duty to announce to the public the outcome of a long-awaited decision on the application for a tariff review submitted by Jungle Energy Power (JEP) for electricity services in Bong and Nimba Counties. This decision is a significant milestone in our continuous efforts to ensure a reliable, sustainable, and fair electricity supply for the people of Liberia.

Background

The 2015 Electricity Law of Liberia established the LERC and mandates the Commission to approve and set electricity tariffs for all companies operating within the electricity supply market of Liberia. This includes ensuring that electricity tariffs are based on transparent and justifiable principles, promoting efficiency and fairness in the sector.

In line with this responsibility, we developed two key regulatory instruments: The *Electricity Tariff Regulations* and the *Electricity Tariff Methodology*. These instruments

form the framework upon which tariffs are determined and approved for service providers such as JEP.

On April 28, 2022, LERC requested from JEP its tariff application for the Nimba County distribution area. In response, the company submitted its initial application proposal to the Commission on June 30, 2022. While the Commission was in the process of reviewing and deciding on the tariff application proposal of JEP for Nimba County, the electricity distribution network in the Bong County distribution area was completed and turned over to JEP after the company emerged as the top candidate in a competitive selection process of a firm to manage the network.

Accordingly, it was decided by the Commission that the tariff review process for Nimba County be halted until the company met all requirements for license for the Bong County Distribution area. The effect of this decision is a synchronized tariff review process for the Nimba and Bong Distribution areas because both areas have the same supply source and Bong County distribution network is simply an extension of the Nimba Distribution network.

On March 18, 2024, the LERC formally requested JEP to submit its tariff application for the period spanning January 31, 2025 to January 30, 2028. Subsequently, on July 19, 2024, JEP submitted its application for the review of electricity tariffs to be paid by customers within its network in Bong and Nimba Counties.

This submission was followed by extensive technical engagements between LERC's tariffs team and JEP's management to ensure that all required documentation and information were provided. The goal of these engagements was to ensure the application adhered to the Tariff Regulations and the Multi-Year Tariff Methodology.

On September 13, 2024, after months of review and engagement, the Commission confirmed that the tariff application was complete, and informed JEP of our planned review schedule.

Public Engagement

True to the principles of transparency, stakeholder engagement, and good regulatory practice, the Commission made an abridged version of JEP's tariff application publicly available on our website and in local newspapers. We also held public hearings in both Bong and Nimba counties on September 25 and 27, 2024, to solicit input from the public. These hearings provided a platform for citizens to voice their concerns, and we took careful note of the feedback received.

The Tariff Decision

After thorough technical analysis in keeping with the guidelines of the Electricity Law, we have made a decision that strikes a balance between enabling JEP to recover its costs, ensuring a reasonable return on investment, and providing incentives for continued improvements in the electricity supply system. The new tariffs, which will take effect on **January 31, 2025**, are as follows:

- **Energy Charge:** The amount customers will pay for the energy they consume, measured in kilowatt-hours (kWh), has been set at **US\$0.22 per kWh**. This represents a **12% reduction** from the current price of **US\$0.25 per kWh**.
- **Fixed charge:** A **monthly charge of US\$1.00** is introduced to fund network reinforcement and quality of service improvements.
- **Connection Charge:** The Commission has approved a **US\$40.00 as connection charge** for each new customer seeking to connect to JEP's network in both Bong and Nimba counties. This represents a significant reduction from the current charge of **US\$100.00**, making it easier for new customers to access electricity. The remaining amount will be recovered through the revised energy tariff. The **US\$40.00** to be paid by new customers will cover the cost of materials required for the connection which includes the following:
 - (a) One energy meter (single/3-phase)
 - (b) 25-meter length of 16-square millimeter low-voltage cable for single phase and equivalent for three phase
 - (c) Maximum of four connectors.

With this new tariff structure, the provisional tariffs previously approved for JEP in **2021** for Nimba County and **2023** for Bong County are hereby **revoked**.

Future Considerations and Reporting

The newly approved tariffs will remain in force from January 31, 2025 to January 30, 2028. Minor tariff reviews may be initiated by the service provider or the regulator as outlined in the Multi-Year Tariff Methodology of May 2021. A minor tariff review adjusts the tariff for changes in uncontrollable costs and indexation of controllable costs and can be done once annually.

The Commission will release a detailed tariff report in January 2025 that explains the rationale behind this decision and provides further context for our analysis.

It is our expectation that this tariff decision will encourage improved performance by JEP, including greater customer connection rates and enhanced service reliability. We are also hopeful that this new tariff structure will increase electricity access, foster positive customer behavior, ensuring the long-term sustainability of electricity services in Liberia.

During public hearings held in 2022 and 2024 in Nimba County, customers voiced concerns about the collection of "legacy debt" by JEP on behalf of the Liberia Electricity Corporation (LEC). The Commission was informed that JEP began collecting this legacy debt after being contracted by LEC to manage the Nimba County grid.

In response to these concerns, the Commission is instructing JEP's management to submit a comprehensive report on the debt collected, debt remitted to LEC and outstanding balances by Wednesday, January 15, 2025 to the Commission. If JEP fails to comply with this directive, the Commission will take regulatory action, which could include penalties, further investigations, or other measures to address the situation.

Acknowledgments

Before I conclude, I would like to take a moment to express our deepest appreciation to the many stakeholders and partners whose contributions have been critical throughout this tariff review process:

- **The Government of Liberia**, especially the Minister of Finance and Development Planning and the Minister of Mines and Energy, for their invaluable policy leadership and support.
- **The leadership of the National Legislature**, including the Speaker of the House, the Pro Tempore of the Senate, and the members of the relevant Senate and House Committees on Energy and Natural Resources, for their ongoing commitment to the development of the energy sector.
- **JEP's management and staff**, for their cooperation and collaboration with the Commission throughout this review process.
- **The LERC management and staff**, particularly the Managing Director and our technical team, whose dedication and hard work have been instrumental in making this tariff review a success.

We thank you all for your support, collaboration and partnership.

Conclusion

In closing, I want to reiterate that the LERC remains committed to the long-term development of the electricity sector in Liberia. We are committed to balancing the needs of consumers with the financial sustainability of service providers, and we will continue working tirelessly to improve the electricity supply in Liberia.

Thank you for your attention. May God bless and save Liberia!