



REPUBLIC OF BOTSWANA

MINISTRY OF MINERALS, ENERGY AND WATER RESOURCES

GUIDELINES

FOR

IMPLEMENTATION OF NATIONAL ELECTRICITY STANDARD CONNECTION COST

DATE: JULY 2010

1.0 BACKGROUND

- 1.1 Standard Connection Cost was introduced in 1993 to avoid a situation where customers in the same supply area (a village or locality) would pay different connection amounts depending on the proximity of a customer to the electricity backbone infrastructure. Whilst the introduction of Standard Connection Cost addressed disparities in connection costs within the same supply areas, it did not address connection disparities between different supply areas or different villages, with the difference between the lowest and the highest connection costs as high as fourfold.
- 1.2 To address disparities in Standard Connection Cost, the Government has approved the establishment of the National Electricity Standard Connection Cost (NESC). The NESC will entail a uniform household electricity connection charge in all recognised electrified settlements, villages, towns and cities as declared by the relevant local authority.
- 1.3 The NESC amount shall be reviewed by the Minister from time to time.
- 1.4 The NESC subsidy is directed at households and not individual customer i.e. a customer who owns more than one house can benefit from the subsidy for all the houses.
- 1.5 In order to facilitate the implementation of the NESC, the Government has:
 - 1.5.1 Established the National Electrification Fund. The Fund shall subsidize household electricity connection charges by financing the difference between the actual market household electricity connection cost and the National Electricity Connection Standard Cost.
 - 1.5.2 Introduced a levy at a rate of five thebe per kilo watt hour of electricity sold by Botswana Power Corporation. A kilo watt hour is the amount of electrical energy consumed in one hour by 17 incandescent bulbs (60 watts old type)

or 100 compact fluorescent lights (10 watts) bulbs. The amounts generated by the levy shall be credited to the National Electrification Fund.

2.0 SCOPE

- 2.1 The NESC shall be applicable to all new households' connections in recognised electrified settlements, villages, towns and cities declared by the relevant local authority.
- 2.2 Only households within the official boundaries of localities shall be eligible for the NESC. The official boundaries shall be as determined and demarcated by the Local Authorities from time to time.
- 2.3 Customers outside the official locality boundary shall pay the full connection charges.
- 2.4 The NESC shall apply only to household customers connecting 60 Amps (A) single phase supply.
- 2.5 Household customers connecting 60 Amps three (3) phase supply shall benefit from the NESC to the extent of 2.4 above.
- 2.6 Household customers connecting at more than 60amps and other works other than stipulated in 2.4 and 2.5 shall pay full costs.
- 2.7 Botswana Housing Corporation and other housing Estate Developers shall not benefit.
- 2.8 Other categories of electricity consumers, such as small, medium and large businesses shall connect as per prevailing terms and conditions offered by the Government through BPC.
- 2.9 Government institutions shall pay the actual cost of connection.

3.0 PROCEDURAL REQUIREMENTS

- 3.1 On application, the BPC shall determine the connection charges and issue the customer with a quotation showing both the market connection cost and the NESC amount.
- 3.2 Customers shall opt to pay connection charges (full NESC value) outright or on credit payment terms. A minimum 5% deposit of NESC is payable by customers opting for credit payment terms.

- 3.3 Should customers choose to pay on credit, they shall enter into a loan arrangement with Botswana Power Corporation.
- 3.4 The repayment period shall not be more than 18 months and shall be categorised as follows:
 - 3.4.1 6 months at prime interest rate minus 6%;
 - 3.4.2 12 months at prime interest rate minus 4.5%;
 - 3.4.3 18 months at prime interest rate minus 2%.
- 3.5 NESC has no age restriction. However, individuals aged 60 years and above shall not benefit from the credit facility, and shall pay the NESC amount outright.
- 3.6 Value Added Tax on the NESC value shall be payable in full by the customer together with the deposit payment.
- 3.7 Where a customer opts for credit payment terms, credit worthiness check related charges shall be payable in full together with the deposit payment.
- 3.8 An agreement to repay the loan amount must be signed by the customer with BPC before the Works Instruction is issued.