GAZETTE NOTICE NO.

THE ENERGY ACT

(NO. 12 OF 2006)

APPROVAL OF SCHEDULE OF TARIFFS FOR SUPPLY OF ELECTRICITY BY THE KENYA POWER AND LIGHTING COMPANY LIMITED SET BY THE ENERGY REGULATORY COMMISSION UNDER POWERS CONFERRED UNDER SECTION 45 OF THE ENERGY ACT, 2006

NOTICE is hereby given that pursuant to section 45 of the Energy Act, 2006, the Energy Regulatory Commission has set out the following Schedule of Tariffs, 2008, prescribing the Tariffs, Charges, Prices and Rates to be charged by The Kenya Power and Lighting Company Limited to the consumers for electrical energy consumed by them.

PART I

GENERAL

1. This Schedule of Tariffs, 2008, hereby set shall take effect on 1st July, 2008 and shall for each consumer become effective so as to apply to all bills raised based on meter readings taken on or after that date.

2 In this document, unless the context otherwise requires, the following words and expressions shall have the following meanings:

"Act" means the Energy Act No. 12 of 2006 and any Act or Acts amending or replacing the same;

"Billing Period" means the period of time elapsing between the issuing of two consecutive bills by the Company but with the exception of their first and last period; each such period of time shall be as near to thirty days as possible;

"Commission" means the Energy Regulatory Commission established under Section 4 of the Act;

"Company" means The Kenya Power and Lighting Company Limited;

“Consumer” means any person supplied with electrical energy, but does not include a person supplied with electrical energy for delivery or supply to another person;

"Contract" means the agreement made by a Consumer with the Company for a supply of electrical energy, in force on the date of commencement of this Schedule of Tariffs and includes all contracts entered into with consumers after this date;

"Demand" means the maximum electric power demand drawn by a Consumer in each Billing Period;

“Electric Power Producer” means a person who owns or operates facilities for generation of electrical energy pursuant to a generating licence issued by the Commission;

"Fixed Charge" means the charge to be made per Billing Period in addition to those charges accruing in respect of Units and, when applicable, demand supplied;

"Interconnected System" means those works inclusive of power stations, transmission and distribution lines electrically interconnected forming the main supply grid in the Republic of Kenya;

“KenGen” means the Kenya Electricity Generating Company Limited;

"kVA" means Kilovolt Ampere;

"Meter" means any and every kind of machine, device or instrument used for the measurement of the quantity of electrical energy, and includes such auxiliary appliances as resistors, shunts, reactances, current transformers, voltage transformers and time switches, external and necessary to the meter;

"Off-Grid System" means those works inclusive of power stations, and distribution lines electrically and physically separate from the Interconnected System;

"Power factor" means the decimal fraction obtained by dividing the Demand in kilowatts by the Demand in kilovolt amperes and shall be ascertained by suitable apparatus installed by the Company;

“Tariff” means the prices, rates, costs and all other charges including adjustments, formulae and other terms, conditions and information contained in parts II, III and IV of this Schedule of Tariffs, 2008.

"Unit" means one kilowatt hour (kWh);

"Units Sent Out" means electricity measured in kWh generated by the Company's Power Plants or Electric Power Producers Power Plants delivered to and purchased by the Company;

PART II

SCHEDULE OF NON-FUEL TARIFFS FOR ELECTRICAL ENERGY SUPPLIED BY THE COMPANY

The Tariffs to be applied by the Company for the supplies of electrical energy from the Interconnected System and also from the Off-Grid Systems, in each Billing Period shall be as detailed below:

METHOD DC: Applicable to Domestic Consumers metered by the Company at 240 or 415 volts and whose consumption does not exceed 15,000 Units per Billing Period.

a) A Fixed Charge of KSh 120.00*

b) Energy charges of :
   i) KSh 2.00 per Unit for 0 - 50 Units consumed;
   ii) KSh 8.10 per Unit for 51-1,500 Units consumed;
   iii) KSh 18.57 per Unit for Units consumed above 1,500.

* If Method **DC** is used in conjunction with Method **IT** at the same supply terminals, then the combined Fixed Charge for both Methods of Charge shall be KSh 240.00.

METHOD SC: Applicable to non-domestic Small Commercial Consumers metered by the Company at 240 or 415 volts and whose consumption does not exceed 15,000 Units per Billing Period.

a) A Fixed Charge of KSh 120.00*

b) Energy charge of KSh 8.96 per Unit for all Units consumed.

* If Method **SC** is used in conjunction with Method **IT** at the same supply terminals, then the combined Fixed Charge for both Methods of Charge shall be KSh 240.00.

METHOD CI1: Applicable to Commercial and Industrial Consumers for supplies provided and metered by the Company at 415 volts three phase four-wire and whose consumption exceeds 15,000 Units per Billing Period.

a) A Fixed Charge of KSh 800.00

b) Energy charge of KSh 5.75 per Unit consumed.

c) Demand charge of KSh 600.00 per kVA.

METHOD CI2: Applicable to Commercial and Industrial Consumers for supplies provided and metered by the Company at 11,000 volts, per Billing Period.

a) A Fixed Charge of KSh 2,500.00.
b) Energy charge of KSh 4.73 per Unit consumed.
c) Demand charge of KSh 400 per kVA.

METHOD CI3: Applicable to Commercial and Industrial Consumers for supplies provided and metered by the Company at 33,000 volts, per Billing Period.

a) A Fixed Charge of KSh 2,900.00
b) Energy charge of KSh 4.49 per Unit consumed.
c) Demand charge of KSh 200.00 per kVA

METHOD CI4: Applicable to Commercial and Industrial Consumers for supplies provided and metered by the Company at 66,000 volts, per Billing Period.

a) A Fixed Charge of KSh 4,200.00
b) Energy charge of KSh 4.25 per Unit consumed.
c) Demand charge of KSh 170.00 per kVA.

METHOD CI5: Applicable to Commercial and Industrial Consumers for supplies provided and metered by the Company at 132,000 volts, per Billing Period.

a) A Fixed Charge of KSh 11,000.00
b) Energy charge of KSh 4.10 per Unit consumed.
c) Demand charge of KSh 170.00 per kVA.

METHOD IT: Interruptible off-peak supplies of electrical energy to ordinary consumers metered by the Company whose consumption does not exceed 15,000 Units per Billing Period.

a) A Fixed Charge of KSh 120.00*
b) Energy charge of KSh 4.85 per Unit consumed.

* If Method **IT** is used in conjunction with Method **DC** or **SC** at the same supply terminals, then the combined Fixed Charge for both Methods of Charge shall be KSh 240.00.

Notes:

Note 1 The electrical energy which shall be supplied and charged under this method of charge shall be available at all times other than during peak periods which shall be such periods of high demand as may occur during each day not exceeding sixteen hours in the aggregate and

during which the supply of electrical energy may be restricted, the time or times of such restriction and the duration thereof being controlled by the Company at its sole discretion.

Note 2 This tariff is only available for installations so arranged to the Company's satisfaction, that they cannot be operated on any other tariff and also where there is no duplication of the off-peak circuits by other electrical circuits unrestricted as to time of use so enabling the supply on another method of charge to be used for a similar function.

Note 3 The Company shall provide and maintain apparatus up to a maximum capacity of 15 amperes, single phase, to control the period of availability of the supply and shall take all reasonable steps to ensure the reliability thereof, but shall not be responsible for any loss, damage or injury which may result from any mal-operation of this control equipment.

METHOD SL: Applicable to public and local authorities metered by the Company at 240 or 415 volts for supplies of electrical energy to public lamps (Street Lighting).

a) A Fixed Charge of KSh 120.00.

b) Energy charge of KSh 7.50 per Unit consumed

Supplies under this Method of Charge shall be available for a minimum period of 11 hours per night for public lamps and for no other purpose.

The attention of public and local authorities taking supplies on this tariff is drawn to the fact that where public lamps are fitted on the Company's poles, all maintenance of the lamps, switch wire and associated equipment must be carried out by the Company, and shall be charged for on the basis of net costs of materials, labour and transport plus 25%.

Note:

Every Consumer shall pay to the Company in addition to the charges specified in Part II of this Schedule of Tariffs a Fixed Charge at a rate not exceeding KSh 50.00 per kVA per Billing Period of nameplate kVA continuous rating in respect of all electric welding plant, as adjusted by any power factor equipment in use.

PART III

OTHER CHARGES

1. **Fuel Cost Charge**

(a) All Tariff for electrical energy specified in Part II of this Schedule of Tariffs 2008 shall be liable to Fuel Cost Charge which shall be calculated in accordance with the following formula:

Fuel Cost Charge in Kenya cents/Unit calculated to the nearest **one cent:**

$$= \frac{1}{1 - L} \times \left\{ \frac{\Sigma C_i G_i S_i + \Sigma P_i}{G} \right\} \times 100$$

Where:

Ci = Actual price in KSh/kg paid by the Company or Electric Power Producers for fuel consumed by Plant i, where i= 1, 2, … n, during the calendar month immediately preceding each Billing Period at all existing thermal plants on the Interconnected System and the Off-Grid System, as the case may be. This shall also include other thermal power plants to be constructed and in respect of which the Company shall enter into Power Purchase Agreements with Electric Power Producers for the supply of electricity to the Company from those power plants with the approval of the Commission.

G_i= All Units generated and or purchased by the Company from Electric Power Producers' Plant i, where i= 1, 2, …, n, during the calendar month immediately preceding each Billing Period at each existing thermal plant on the Interconnected System and the Off-Grid System, and imports/exports from Uganda Electricity Transmission Company Limited adjusted for system losses as the case may be. This shall also include other thermal power plant(s) to be constructed and in respect of which the Company shall enter into Power Purchase Agreement(s) with Electric Power Producer(s) for the supply of electricity to the Company from those power plants with the approval of the Commission.

G= Total of all Units purchased by the Company from Electric Power Producer(s), generated by the Company and net imports during the calendar month immediately preceding each meter reading period, including all hydro stations, Off-Grid power stations and imports.

S_i = Specific fuel consumption in kg/Unit for the following thermal plants:

Kipevu Gas Turbine I & II	0.310 kg/Unit purchased
Kipevu I Diesel Plant	0.217 kg/Unit purchased
Kipevu II Diesel Plant (Tsavo)	0.219 kg/Unit purchased
Nairobi South Gas Turbine	0.415 kg/Unit purchase
Iberafrica Diesel Plant:	
Using 1% Sulphur HFO	0.225kg/Unit purchased
Using 1.8% Sulphur HFO	0.226 kg/Unit purchased
Iberafrica Additional Plant	0.224 kg/Unit purchased
Rabai Diesel Plant*:	
With steam turbine or above 33MW	0.1971 kg/Unit purchased

Without steam turbine or below 33MW	0.208 kg/Unit purchased
Emergency Power Plants:	
Embakasi I&II	0.230 kg/Unit purchased
Eldoret	0.234 kg/Unit purchased
Diesel Plants in Off-Grid System**	
Garissa Diesel Plant	0.278 kg/Unit purchased
Lamu Diesel Plant (Existing):	0.306 kg/Unit purchased
Lamu Diesel Plant (New):	0.280 kg/Unit purchased
Lodwar	0.290 kg/Unit generated
Mandera	0.290 kg/Unit generated
Marsabit	0.290 kg/Unit generated
Wajir	0.290 kg/Unit generated
Moyale	0.290 kg/Unit generated
Mpeketoni	0.290 kg/Unit generated
Habaswein	0.290 kg/Unit generated
Hola	0.290 kg/Unit generated
Merti	0.290 kg/Unit generated
Elwak	0.290 kg/Unit generated
Mfangano	0.290 kg/Unit generated

*Rabai: The higher specific fuel consumption for Rabai Diesel Plant also applies for a period of 2.5 hours during start up after a plant shutdown of more than 8 hours.

** Specific fuel consumption for Off-Grid System (except Garissa and Lamu) estimated at 0.290 kg/unit shall also apply to other thermal power plants to be constructed for the supply of electricity to the Company from that Power Station with the approval of the Commission. The estimated specific fuel consumption for Mpeketoni, Habaswein, Hola, Merti, Mfangano and Elwak shall be amended to average actual rates after the completion of the six month machine test run following full commissioning.

P_i = Sum of fuel displacement costs and other pass through charges based on power purchased from Power Plant i, where i =1, 2 ... n. This refers to Mumias, OrPower 4, Emergency Power Plants and other power plants to be constructed in respect of which the Company shall enter into a Power Purchase Agreement with Electric Power Producers for the supply of electricity to the Company from that Power Station with the approval of the Commission.

i) The fuel displacement costs, Pi, for the Mumias Power Plant shall be computed using the formula $P_i = G_i \times DCR_i$,

Where,

G_i = Units purchased by the Company from the plant during the calendar month immediately preceding each Billing Period,

DCR_i = the approved Displacement Charge Rate for the plant being US$ 0.013/kWh until commissioning of the new 26 MW plant when DCR_i = US$ 0.034/kWh

ii) The fuel displacement costs for the OrPower 4 plant shall be computed using Capacity Charge Rate of US$27.146/kW/month (equivalent to US$325.749/kW/yr) applicable for 25% portion of the contracted capacity of the plant and US$23.442/kW/month (equivalent to US$281.3/kW/yr) applicable for the remaining portion of the contracted capacity.

iii) The pass through cost, PTC, for 60,000 kW Embakasi I, 50,000 kW Embakasi II and 40,000 kW Eldoret plant shall be calculated as follows:

$$PTC = \sum\left(\left(CCR_j \times C_p \times N + G_j \times ECR\right) - \frac{1.76}{X_t} \times G_j \right) - U_t$$

Where,

CCR_j is capacity charge rate in US$/kW/day being US$ 0.650/kW/day for Embakasi I, US$ 0.817/kW/day for Embakasi II and US$ 0.742/kW/day for Eldoret;

C_p is contracted capacity being 60,000 kW, 50,000 kW and 40,000 kW for Embakasi I, Embakasi II and Eldoret plant, respectively;

N is number of days in the month immediately preceding the current Billing Period;

ECR is the energy charge rate for the plant being US$ 0.008/kWh for Embakasi I&II and US$ 0.0085/kWh for Eldoret Plant.

X_t = CBK mean exchange rate for the calendar month immediately preceding current Billing Period.

G_j are units purchased from each emergency plant in the month immediately preceding the current Billing Period; and

U_t is the cost paid to KPLC for energy exports to Uganda Electricity Transmission Company Limited (UETCL) from the Emergency Power Generation in the month immediately preceding the current Billing Period, where applicable;

All fuel displacement and pass through costs shall be converted to Kenya Shillings using the CBK mean exchange rate of the calendar month immediately preceding each Billing Period.

L = Target System loss factor in transmission and distribution equal to 16.4% in 2008/09, 15.9% in 2009/10 and 15.4% in 2010/11.

(b) The Company shall publish each month a notice in the Kenya Gazette showing the Fuel Cost Charge rate applicable to all Units billed during the month of publication of such notice.

2. **Foreign Exchange Rate Fluctuation Adjustment**

(a) All prices for electrical energy specified in Part II of the Schedule of Tariffs shall be liable to Foreign Exchange Rate Fluctuation Adjustment which shall be calculated in accordance with the following formula:

Foreign Exchange Rate Fluctuation Adjustment in Kenya cents/Unit calculated to the nearest **one cent**

$$FERFA_t = \frac{1}{1-L} \times \left\{ \frac{\left(\Sigma\left(F_{t-1} \times Z_t \right) \right) \times X_o + \left(\Sigma\left(H_{t-1} \times Z_t \right) \right) \times X_o + \left(\Sigma\left(IPP_{t-1} \times Z_t \right) \right) \times X_o}{G} \right\} \times 100$$

Where,

F_{t-1} = Sum of the foreign currency costs incurred by KenGen in the calendar month immediately preceding current Billing Period.

H_{t-1} = Sum of the foreign currency costs incurred by the Company other than those costs relating to Electric Power Producers in the calendar month immediately preceding current Billing Period.

IPP_{t-1} = Sum of the foreign currency costs paid by the Company to Electric Power Producers (except KenGen) in the calendar month immediately preceding current Billing Period.

The factor Z_t is the proportionate change in the exchange rate (X_t) in the current Billing Period t from the Base Exchange rate (X_o) in the base period and shall be determined according to the following formula:

$$Z_t = \frac{X_t - X_o}{X_o}$$

Where;

X_t = CBK mean exchange rate for the calendar month immediately preceding current Billing Period.

X_o = CBK mean exchange rate for March 2008 as tabulated below.

March 2008 CBK Mean Exchange Rates

US Dollar	64.9242
STG Pound	130.0783
Euro	100.7930
SA Rand	8.1443
AE Dirham	17.6814
Canadian Dollar	65.0696
Swiss Francs	64.1707
JPY(100)	64.0416
SW Kroner	10.6474
NOR Kroner	12.8074
DAN Kroner	13.4244
IND Rupee	1.6104
Hongkong Dollar	8.3401
Saudi Riyal	17.3168
Chinese Yuan	9.1613
Australian Dollar	60.0525

G= Total of all Units purchased by the Company from Electric Power Producer(s), generated by the Company and net imports during the calendar month immediately preceding each meter reading period, including all hydro stations, Off-Grid power stations and imports.

L = Target System loss factor in transmission and distribution equal to 16.4% in 2008/09, 15.9% in 2009/10 and 15.4% in 2010/11.

(b) The Company shall publish a notice in the Kenya Gazette showing the amount of the Foreign Exchange Rate Fluctuation Adjustment applicable to all Unit charges specified in Part II of the Schedule of Tariffs for all meter readings taken during the month of publication of the said notice.

3. **Inflation Adjustment**

(a) All prices for electrical energy specified in Part II of the Schedule of Tariffs shall be liable to an Automatic adjustment for inflation at the end of every six month period starting from 1st July, 2008.

The effect of domestic and international inflation on cost of supply shall be calculated in accordance with the following formula:

$$INFA_t = \frac{1}{1-L} \times \left(\frac{INFA_{KenGen} + INFA_{IPP} + INFA_{KPLC}}{G_p} \right) \times 100$$

Where,

$INFA_t$ = Total Inflation Adjustment in Kenya cents per Unit for the half year period t. The first adjustment shall be effected on 1st January 2009.

L = Target System loss factor in transmission and distribution equal to 16.4% in 2008/09, 15.9% in 2009/10 and 15.4% in 2010/11.

G_P = Total projected Units generated or purchased by the Company from Electric Power Producer(s), during the half-year Adjustment Period. This shall also include other power plants to be constructed and in respect of which the Company shall enter into a Power Purchase Agreement with Electric Power Producers for the supply of electricity to the Company from those power plants with the approval of the Commission.

i) **$INFA_{KenGen}$**

$$INFA_{KenGen} = \sum INFAKP_i$$

Where,

$INFAKP_i$ = Specific Inflation Adjustment in half-year period, relating to contracted KenGen Plant i, which shall be determined as follows:

$$INFAKP_i = \left[KP_i x FOMCR_{bi} + Gk_i x VOMCR_{bi}\right] x \left[0.7 x 0.5 \left(\frac{CPIU_t}{CPIU_b} - 1\right) + 0.3 \left(\frac{USCPI_t}{USCPI_b} - 1\right)\right]$$

Where:

KP_i = Contracted capacity for KenGen Plant i in kW.

$FOMCR_{bi}$ = The base Fixed Operation and Maintenance Charge Rate for KenGen Plant i in KSh/kW/year, divided by two

$VOMCR_{bi}$ = The base Variable Operation and Maintenance Charge Rate or variable energy charge rate as applicable, for KenGen plant i in KSh/kWh

Gk_i = Projected Units purchased from KenGen plant i in kWh in the half-year Adjustment Period.

$CPIU_b$ = The Underlying Consumer Price Index for March 2008 as posted by Kenya National Bureau of Statistics (Index base - October 1997 = 100), being 184.12.

$CPIU_t$ = The Underlying Consumer Price Index for the month of March for adjustments effected in the period July – December; and September for adjustments effected in the period January – June every year as posted by the Kenya National Bureau of Statistics (Index base - October 1997 = 100).

$USCPI_b$ = The "Consumer Prices Index for all urban consumers (CPI - U) for the US city average for all items 1982 - 84 =100" as published by the United States Department of Labour Statistics index for March 2008, being 213.528.

$USCPI_t$ = The "Consumer Prices Index for all urban consumers (CPI - U) for the US city average for all items 1982 - 84 =100" as published by the United States Department of Labour Statistics index for the month of March for adjustments effected in the period July – December; and for September for adjustments effected in the period January – June every year.

ii) **$INFA_{IPP}$**

$$\mathbf{INFA_{IPP}} = \sum INFAIPP_i$$

Where,

$INFAIPP_i$= Specific Inflation Adjustment in half-year period, relating to contracted Electric Power Producer's (excluding KenGen) Plant i, which shall be determined as follows:

$$INFAIPP_i = \left[IPP_i x CCR_{bi} + GIPP_i x ECR_{bi}\right] x \left[\frac{USCPI_t}{USCPI_b} - 1\right] *$$

Where,

IPP_i = Contracted capacity for IPP Plant i in kW.

CCR_{bi} = Base escalable capacity charge rate for IPP plant i in US$/kW/year, for March 2008, divided by two.

$GIPP_i$ = Projected Units purchased from IPP plant i in kWh in the half-year Adjustment Period.

ECR_{bi} = Base escalable energy charge rate for IPP plant i in US$/kWh for March 2008.

$USCPI_b$ = The "Consumer Prices Index for all urban consumers (CPI - U) for the US city average for all items 1982 - 84 =100" as published by the United States Department of Labour Statistics index for March 2008, being 213.528.

$USCPI_t$ = The "Consumer Prices Index for all urban consumers (CPI - U) for the US city average for all items 1982 - 84 =100" as published by the United States Department of Labour Statistics index for the month of March for adjustments effected in the period July – December; and for September for adjustments effected in the period January – June every year.

*Note:
For Euro denominated costs

CCR_{bi} = Base escalable capacity charge rate for IPP plant i in €/kW/year, for March 2008, divided by two.

ECR_{bi} = Base escalable energy charge rate for IPP plant i in €/kWh for March 2008.

$USCPI_b$ = The Monetary Union Index of Consumer Prices for European Union as published by Eurostat for March 2008 being 107.21.

$USCPI_t$ = The Monetary Union Index of Consumer Prices for European Union as published by Eurostat for the month of March for adjustments effected in the period July-December; and for September for adjustment effected in the period January-June every year.

All inflation adjustment costs for IPPs shall be converted to Kenya Shillings using the base exchange rates in this Schedule of Tariffs and Rates 2008.

iii) **$INFA_{KPLC}$**

$INFA_{KPLC}$ Is the Specific Inflation Adjustment in half-year period, relating to the Company's transmission and distribution operation and maintenance costs, which shall be determined as follows:

$$INFA_{KPLC} = TDOM_b\left[0.7x0.5\left(\frac{CPIU_t}{CPIU_b}-1\right)+0.3\left(\frac{USCPI_t}{USCPI_b}-1\right)\right]$$

Where,

$TDOM_b$ = The transmission and distribution network operation and maintenance costs excluding depreciation of assets and provision for bad debts in year 2007/08, divided by two.

$CPIU_b$ = The Underlying Consumer Price Index for March 2008 as posted by Kenya National Bureau of Statistics (Index base - October 1997 = 100), being 184.12.

$CPIU_t$ = The Underlying Consumer Price Index for the month of March for adjustments effected in the period July – December; and September for adjustments effected in the period January – June every year as posted by the Kenya National Bureau of Statistics (Index base - October 1997 = 100).

$USCPI_b$ = The "Consumer Prices Index for all urban consumers (CPI - U) for the US city average for all items 1982 - 84 =100" as published by the United States Department of Labour Statistics index for March 2008, being 213.528.

$USCPI_t$ = The "Consumer Prices Index for all urban consumers (CPI - U) for the US city average for all items 1982 - 84 =100" as published by the United States Department of Labour Statistics index for the month of March for adjustments effected in the period July – December; and for September for adjustments effected in the period January – June every year.

Note:

Any difference between the total inflation costs and the actual billed amount for a given half year adjustment period shall be adjusted for in the following half year period.

(b) The Company shall publish in the first month of the half-year inflation adjustment period a notice in the Kenya Gazette showing the half-year

Inflation Adjustment rate applicable to all Units billed during that half-year period.

4. **Taxes and Levies**

The consumer shall pay any taxes, levies or duties imposed from time to time by the Government. At present, the following are levied by the Government:

i) VAT at 16% charged to :
   a) Fixed Charge
   b) Demand Charge
   c) Foreign Exchange Fluctuation Adjustment
   d) Fuel Cost and;
   e) Taxable value of electrical energy consumed in a manner required by the Government.

ii) Rural Electrification Programme (REP) levy at 5% of revenue from Unit sales.

iii) Energy Regulatory Commission (ERC) levy at 3 Kenya cents/kWh.

PART IV

OTHER IMPORTANT CONDITIONS

a) In the event of the supply of electrical energy to the installation of any Consumer having a Power Factor of less than 0.90, then the Company may give to such Consumer thirty days notice in writing requiring him to improve the Power Factor of his installation to or in excess of 0.90.

b) If a Consumer fails to comply with such notice as aforesaid, then and in any such case, the Company shall be at liberty until such time as the Power Factor of such Consumer's installation is, or is in excess of 0.90 to impose a surcharge as follows:-

   i) for Consumers charged under Methods **DC**, **SC**, **SL and IT,** the payment for electrical energy consumed in each Billing Period (exclusive of VAT, Fuel Cost, Foreign Exchange Rate Fluctuation Adjustment, REP and ERC levies) shall be increased by 2 per cent for each complete 1 per cent by which the power factor is below 0.90.

   ii) for Consumers charged under Methods **CI** - the payment for electrical energy consumed and chargeable KVA of Demand in each Billing Period (exclusive of VAT, Fuel Cost, Foreign Exchange Rate Fluctuation Adjustment, REP

and ERC levies) shall be increased by 2 per cent for each complete 1 per cent by which the Power Factor is below 0.90.

c) Any apparatus installed by the Company for the purpose of ascertaining the power factor of any Consumer's installation or of any part thereof shall be installed and maintained at the sole expense of the Company.

d) The Company shall determine the voltage at which a supply of electrical energy shall be provided to any Consumer's supply terminals and this voltage shall be maintained by the Company subject to the permissible variations as provided for in the Act.

Dated the 26th June, 2008

Eng. Kaburu Mwirichia
DIRECTOR GENERAL