



MALAWI ENERGY REGULATORY AUTHORITY

VISION STATEMENT

To achieve abundant, sustainable and demand driven energy supplies in a fair market

MISSION STATEMENT

Regulate the energy sector in an objective, transparent, effective and efficient manner

CORE VALUES

In the execution of the mandate, MERA upholds and espouses the following values:

- (i) Transparency;
- (ii) Accountability;
- (iii) Teamwork;
- (iv) Responsiveness;
- (v) Integrity; and
- (vi) Professionalism

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2.0 STATEMENT BY THE BOARD CHAIRPERSON

On behalf of the Board of Directors of the Malawi Energy Regulatory Authority, I present to you the 2012-13 Annual Report. The report consolidates the activities undertaken by the Authority in the reporting period.

The period under review is fourth financial year since the Authority started its operations. Incidentally, this is towards the end of the 2009-2013 Strategic Plan, which runs up to December 2013. It is therefore, a year of reflection for both the Board and Management. The Board has delivered on most of the undertakings made in the 2009-2013 Strategic Plan. However, electricity sector remains underdeveloped. The development of feed-in-tariff, grid code and power purchase agreement frameworks, will help ease entry by the Independent Power Producers, that will provide additional electricity capacity. This will be complemented by unfreezing of the legal provision that facilitates unbundling of ESCOM to allow separation of electricity generation, transmission and distribution businesses.

On fuel, the Board is delighted to note that there was smooth flow of fuel products throughout the year with internal reserves covering over fifteen days' stock requirement on most of the days. The smooth operation of the Automatic Pricing Mechanism resulted into recovery of fuel importers' costs thereby avoiding accumulation of importation losses.

Moving forward, the Authority will be gazetting most of the developed frameworks, aimed at levelling the electricity market playing field. These will assist in smooth implementation of the next four-year Strategic Plan that will run from 2014 to 2018. The National Oil Company of Malawi is also fully operational. High on its agenda is the construction of national fuel reserves which will enable the nation have capacity to store fuel equivalent to ninety-day stock requirement. These facilities will also be available to Oil Marketing companies, under hospitality arrangements, thereby enabling the Authority enforce the minimum stock holding requirements.

Lyton Zinyemba
BOARD CHAIRPERSON

3.0 STATEMENT BY THE CHIEF EXECUTIVE OFFICER

I am very delighted to present the overview of the Authority's performance in the 2012-2013 financial year. This was an exciting year having achieved most of the planned activities for the year, as well as the 2009-2013 Strategic Plan. In financial terms, the Authority managed to post some surplus, which enabled it to embark on an office complex project, which is expected to ease office accommodation hassles as the staff compliment grows, as well as provide lettable office space, which will enhance the Authority's financial sustainability.

In Liquid fuels and gas regulation, the Authority regularly reviewed the macro-economic fundamentals. These reviews resulted into monthly price reviews to reflect cost of importation under the Automatic Pricing Mechanism. Wholesale, retail and distribution margins were all revised upwards to reflect the rise in cost of doing business. The same applied to energy regulation levy and tanker driver allowances and minimum salaries. In view of accumulated importation losses, a loss recovery line was introduced in the price build up, as part of Price Stabilisation Fund, to speed up the reduction of accumulated importation losses.

A new player in bio-fuels was licenses in the name of Bio Energy Resources Limited (BERL). The existing Parity Pricing Framework, for fuel ethanol was used for BERL's bio-fuel by pricing it at the rate of K5.00 below the wholesale price of diesel. Licensing for fuel storage facilities dropped drastically, as most of them were licensed during fuel scarcity period in 2011 and 2012 period. Upon supplies normalising, most institutions abandoned their storage facilities. This did not, however, affect the stored volumes, as most of the licensees were for own use. On electricity, the main highlight was the preparation of the four-year base tariff review, which was coming into effect in January 2014. Others included the regular monthly reviews of the electricity tariff, drawing of electricity standards, renewable energy feed in tariff guidelines and the Grid Code.

CHIEF EXECUTIVE OFFICER

4.0 MERA EXECUTIVE MANAGEMENT



Ralph Kamoto
Chief Executive Officer



Director of Finance & Administration



Director of Technical Regulation



Welton Saiwa
Director of Technical Regulation



Ishmael Chioko
Director of Legal Affairs & Board Secretary

SENIOR OFFICERS



Zacharia Ng'oma
Senior Finance Officer



Mac Ian Yona
Senior Internal Auditor



Chimwemwe Dunkalo
Senior Economist Fuels



Dennis Mwangonde
**Senior Economist
Electricity**



Shaibu Mludi
Senior Engineer Electriciry



Wilfred Kasakula
**Senior Engineer Renewable
Energy**



Yamikani Malenga
Senior ICT Officer



George Ndilowe
Senior Engineer Fuels



Edward Mponda
Senior Consumer & PRO



Michael Mwase
Senior OSHEO



Mphatso Kachule
Senior Legal Officer



Henry Lipita
Senior HRMAO



Arthur Wengawenga
Senior Licencing Officer

5.0 MERA'S MANDATE

MERA'S mandate is derived from the Energy Laws in general and the Energy Regulatory Act Cap 73.02 in particular. Specifically, the mandate includes:

1. receive and process license applications for energy undertakings;
2. grant, revoke or amend licenses granted under the Act and Energy Laws;
3. approve tariffs and prices of energy sales and services;
4. monitor and enforce compliance by licensees with licenced conditions granted under the Act and the Energy Laws;
5. develop and enforce performance and safety standards for energy exploitation, production, transportation and distribution;
6. prescribe and collect fees, charges, levies or rates under the Energy Regulation Act and Energy Laws;
7. arbitrate commercial disputes under the Act and Energy Laws; and do all such things as are necessary or incidental or conducive to the better carrying out of the functions of the Authority provided for in the Act and Energy Laws;
8. promote the interests of consumers of energy with respect to energy prices and charges and the continuity and quality of energy supply;
9. monitor the efficiency and performance of energy undertakings, having regard to the purpose for which they were established;
10. in conjunction with other relevant agencies, monitor the levels and structures of competition within the energy sector in order that competition in, and accessibility to, the energy sector in Malawi should be promoted;

11. facilitate increasing access to energy supplies;
12. promote energy efficiency and energy saving;
13. promote consumer awareness and education;
14. promote the integrity and sustainability of energy undertakings and seek to ensure that energy undertakings, whilst providing efficient service, are able to finance the carrying on of the activities which they are licensed or authorized to carry on;
15. in conjunction with other relevant agencies, formulate measures to minimize the environmental impact of the exploitation, production, transportation, storage, supply and use of energy and enforce such measures by the inclusion of appropriate conditions to licenses held by energy undertakings;
16. promote the exploitation of renewable energy resources; and
17. take all such measures as are necessary to fulfil the above purposes through regulations to be made under this Act or the Energy Laws.

6.0 CORPORATE GOVERNANCE

The Authority, that is the Board of MERA, is appointed under section 4 of the Energy Regulation Act (hereinafter referred to as the 'MERA'). The Board is made up of five independent members and three ex officio members comprising the Principal Secretary for Energy, the Director of Energy Affairs and the Chief Executive Officer.

The Board is appointed by the President and confirmed by the Public Appointments Committee of the Malawi National Assembly and its term of office is three years. The current Board was appointed on 22nd November, 2011 and will conclude its tour of duty on 21st November, 2014. The independent members of the Board during the report period comprised the following:

Mr L.Y. Zinyemba, Board Chairperson;
Mr B.B.Mwambakulu, Vice Board Chairperson;
Mr I. Malera, Member;
Mr B. Kachinjika, Member; and
Mr P. Zembani, Member.

Mr Zinyemba is an Engineering professional. He spent most of his career in telecommunications industry, where he retired as Head of the African Advanced Level Telecommunications Institute. Mr Zinyemba is currently in business.

Mr Mwambakulu is an Economist with vast experience in Malawi Civil Service where he served at levels of Principal Secretary and Comptroller of Statutory Corporations. Mr Mwambakulu briefly worked with the European Union before retiring.

Mr Malera is a lawyer by profession and runs his own law firm. A former Vice President of the Malawi Law Society, Mr Malera currently represents the Society in the Special Law Commission on the Review of the Sheriffs Act and the Council of the SADC Lawyers' Association.

Mr Kachinjika is an Engineer by profession. He spent most of his career in Mining Engineering. He currently works with Nkango Mining Company, having earlier retired from Portland Cement (now La Farge).

Mr Zembani is a Consulting Engineer, a career he started after retiring from Electricity Supply Corporation of Malawi, where he rose and retired at the position of Chief Executive Officer.

Currently MERA has three board committees, three board advisory committees and one forum, as follows -

6.1 Board Committees

6.6.1 Finance and Audit Committee which is responsible for the financial and audit affairs;

6.1.2 Staff Appointments and Disciplinary Committee which is responsible for appointments, remuneration, benefits and discipline of members of staff;

6.1.3 Energy Technical and Licensing Committee which is responsible for licensing of all energy undertakings, developing and enforcement of technical performance standards in all licensable energy undertakings;

6.2 Advisory Committees

6.1.4 Arbitration, Mediation and Legal Committee which is responsible for all legal matters, arbitration and mediation of disputes between licenses in the energy sector and consumer complaints in the energy sector.

6.2.1 Energy Pricing Committee is responsible for setting tariffs for Energy sales and all matters incidental to tariffs in the energy sector. The committee has extended membership that includes the Reserve Bank of Malawi, the Department of Economic Planning and Ministry of Finance, apart from members of the MERA Board.

6.2.2 Installation Permits Committee is responsible for certifying electrical installers in accordance with the Electricity by-laws of 2012. Apart from MERA Board members, it also includes the Malawi Institute of Engineers, Mzuzu University Centre for

Renewable Energy Technology, National Construction Industry Council and Electricity Supply Commission of Malawi.

- 6.3** Customer Consumer Forum is responsible for the interests of consumers of energy in relation to consumer information, education, energy pricing and dispute resolution. Member outside the Board include Consumer Association of Malawi, the University of Malawi the Faculties of Commerce and Science and Mzuzu University Faculty of Renewable Energy.

6.4 Board Remuneration

Remuneration of the Board is prescribed by government as revised from time to time. During the report period, the remuneration was as follows:

Honoraria :

Board Chairperson : MK 168, 000 per annum

Members : MK 154, 000 per annum

Sitting Allowances:

Board Chairperson : MK 20, 000 per sitting

Member : MK 17,000 per sitting

Cell phone Allowance:

Board Chairperson : MK 42, 000 per month

6.5 Board Work Plan and Meetings

At the beginning of each year, the Board adopts a work plan and calendar for its meetings including committee meetings. The Board follows corporate governance principles and meets at least every quarter. However it also has extra ordinary meetings where there is urgency and need. In the reporting period, the Board held four Ordinary Board Meetings and one extra-ordinary Board Meeting.

Except for Ex-officio members, all members attended all meetings in person, during the year under review.

Committee meetings preceded each Board Meeting, except for the Energy Pricing Committee which met every first Tuesday of the month to among other things, review prices of energy undertakings.

6.6 Board Training

On annual basis, the Malawi government, through the department of Statutory Corporations conducts Corporate Governance Workshops. The workshops are aimed at refreshing, Board Members of parastatals and their senior managers, on developments in Corporate Governance as well as government policies and priorities. All members of the Board attended the Corporate Governance Workshop.

6.7 Independency

The Board's operating independency is provided for under Section 9 (2) of the Energy Regulation Act. During the review period the Board independently reviewed and implemented reviews in energy prices. Timely revision of fuel pump prices, under the Automatic Pricing Mechanism (APM) ensured full cost recovery and hence steady supply. Electricity tariff was reviewed, using the Automatic Tariff Adjustment Formula (ATAF) whenever economic fundamentals comprising inflation and Malawi Kwacha exchange rate, moved beyond 5%. The timely reviews in electricity tariff led to timely recovery of costs by ESCOM, leading to improvement in ESCOM's working capital.

7.0 ECONOMIC REGULATION

7.1. FUEL LEVIES COLLECTIONS

The total fuel levies collected on behalf of other beneficiaries and remitted between 1st July 2012 and 30th June 2013, amounted to MK6,825.5 million.

The breakdown was as shown below:

Levy	Amount Collected (MK'000)	%
Rural Electrification Fund	1,767,175	26%
Road Fund Administration Fund	4,027,463	59%
Road Tax levy	599,335	9%
Malawi Bureau of Standards	58,916	1%
Fuel Storage Levy	372,634	5%
TOTAL	6,825,523	100%

7.2 LIQUID FUELS AND GAS

7.2.1 The Automatic Price Adjustment Mechanism (APM)

MERA continued operation of the APM for fuel pricing, which reflects the trends in the macroeconomic fundamentals on the world and local markets.

In the period under review pump prices for petroleum products were revised following movement of Free On Board (FOB) prices and the exchange rate of the local currency against the US dollar.

Pump prices for the three products, petrol, diesel and paraffin were revised as below in line with the Automatic Pricing Mechanism (APM).

7.2.2 Pump Price Charges

Date	Product	Price	% Change
6th July 2012	Petrol	441.10	
	Diesel	445.60	
	Paraffin	367.00	
10th August 2012	Petrol	485.60	10.09
	Diesel	475.00	6.60
	Paraffin	390.00	6.27
7th Sept 2012	Petrol	539.00	11.00
	Diesel	521.90	9.87
	Paraffin	434.30	11.36
9th Nov 2012	Petrol	606.30	12.49
	Diesel	597.40	14.47
	Paraffin	509.90	17.41
9th Feb 2013	Petrol	704.30	16.16
	Diesel	683.60	14.43
	Paraffin	591.40	15.98
12th March 2013	Petrol	714.90	1.51
	Diesel	693.80	1.49
	Paraffin	613.90	3.80
10th May 2013	Petrol	694.30	- 2.88
	Diesel	677.20	- 2.39
	Paraffin	595.00	- 3.08
6th June 2013	Petrol	680.80	- 1.94
	Diesel	657.40	- 2.92
	Paraffin	535.50	- 10.00

However the smooth operation of the APM was challenged by the need to incorporate an amount, in the price build up, to cater for gradual recovery of importation losses which were accumulated prior to introduction of APM. These were accumulated on the occasions where fuel had to be sold at below landed cost. The then system, dubbed, targeted approach, considered the impact of fuel pump price revision on other micro and macro-economic fundamentals such as inflation and interest rates.

7.2.3 Wholesale Margins

The wholesale margin is an absolute amount estimated for the oil marketing companies to recover the required return on capital employed.

In November 2012, the wholesale profit margin to oil marketing companies was adjusted upwards following the effects of devaluation of Malawi Kwacha and inflation on the margin. Noting

the continued deterioration of these economic fundamentals, the margins were revised upwards, again, in May 2013.

Cumulatively, the price for petrol was adjusted by 11.45%, diesel by 32.83% and paraffin by 44.35%.

7.2.4 Retail Margins

Retail Profit Margin, which is a percentage of the wholesale margin and is available to fuel retailers was revised upwards from 5.7% to 6% of the wholesale price. This was effected to reinstate retailers' profitability level effective 9th November 2012.

7.2.5 Distribution Margin

MERA noted the increasing distribution costs for Oil Marketing Companies supplying products outside a 10 kilometre radius from their depots. In order to allow recovery of the distribution costs, MERA revised upwards the distribution profit margin for petrol, diesel and paraffin from K2.33 to K3.08 per litre on 9th May, 2013.

7.2.6 Energy Regulation Levy

Energy regulation levy is collected to cater for the operations of MERA. The rate is reviewed from time to time based on MERA's revenue requirement necessary for its operations.

The Energy Regulation Levy was adjusted upwards from MK2.00 to MK3.00 per litre effective 9th November 2012. The adjustment was to enable MERA smoothly carry out its budgeted activities following the effects of devaluation of the Malawi Kwacha on its operating expenses.

7.2.7 Revision of Tanker Drivers Remuneration

MERA considered the need to raise fuel tanker driver's salaries, subsistence allowances and to introduce trip bonus, following the rise in the cost of living.

Apart from responding to increase in cost of living, it was expected that the revised rates would curb the malpractices of in-transit fuel thefts. It is believed that the low level of remuneration forces drivers to indulge in selling fuel along the route from the ports.

Tanker drivers' minimum salary was adjusted upward from MK31,200 to MK46,800 per month. The rate of subsistence was adjusted upwards from minimum of MK15,000 to MK25,000 per night.

A bonus of MK40,000 per trip was introduced for drivers registering in-transit losses within the allowable maximum loss of 0.5% of fuel carried. All these would be allowable in coming up with the road freight charges in the Price Build-up.

7.2.8 Loss Recovery Line

Following the accumulation of importation losses (estimated at MK20.047 billion as of 31st December 2012) a loss recovery element was introduced within the Price Stabilisation Fund (PSF) to specifically increase the collections towards loss backlog recovery.

In order to obtain clear tracking of the collections, a separate line was introduced on 9th November 2012 in the price build up separating the PSF and the loss recovery element.

The appreciation of the Malawi Kwacha and declining FOB costs noted since April 2013, buoyed the backlog recovery process resulting in a reduction of the backlog standing at K17. 4 billion at the end of the financial year.

7.2.9 Fuel Imports Financing Costs

During the period, fuel imports were largely financed by the PTA Bank and other local loan facilities. The costs attached to such facilities led to the PSF not being able to fully cover importation costs. The effective cost of a dollar was observed to be always more than the official rate due to such costs.

The costs included: Facility Fees, Interest Margin, Draw-down Fees, LC Establishment Fees and Management Fees. An analysis of these charges indicated that on average 5% was the additional cost on the credit facilities. The impact of the said charges was included in the price build up to allow full recovery of importation costs by the importers.

7.2.10 Supply Contracts

MERA continued to evaluate fuel supply contracts to ensure that the most competitive premiums are obtained for the benefit of the consumer.

The tendering for fuel suppliers covered a one year stock requirement for the country.

During the financial year MERA approved fuel supply contracts for Petroleum Importers Limited (PIL) and National Oil Company of Malawi (NOCMA) that were concluded through an open tendering process.

Successful bidders for PIL were Glencore Energy UK and Petromoc who supplied through the port of Beira. Augusta and VITOL SA were the successful bidders for the port of Dar-es-Salaam.

NOCMA was to be supplied by VITOL SA and Trafigura at the port of Beira and Augusta, in Dar-es-Salaam.

7.2.11 Regulatory Audits

Annually, MERA conducts regulatory audits on regulated entities in order to determine the technical and operational performance and appropriate levels of profitability for the regulated entities.

Regulatory audits were thus conducted on petroleum products importers, oil marketing companies, ethanol producers, Aviation fuel importers and distributors, and Liquefied Petroleum Gas importers and retailers.

7.2.12 Review of LPG Maximum Retail Prices

Due to devaluation of the local currency against other currencies the sole supplier of Liquefied Petroleum Gas (LPG), AFROX Malawi Ltd, was faced with high importation costs that could not be covered by the PSF contained in the LPG price build up.

In order to allow AFROX recover its importation costs, between November and April, MERA revised upwards the retail price of LPG from K1,298.50 to K2071.75 per kilogram representing increase of 59%.

7.2.13 Review of Bio Diesel Price and Pricing Framework

Bio Energy Resources Limited (BERL), a bio fuels producing company, was granted an approval by Malawi Bureau of Standards (MBS) to start producing the Jatropha Straight Vegetable Oil (JSVO) based on available feed stocks. MERA noted the high unit production

cost as compared to landed cost of imported products thus making the biodiesel less competitive on cost.

Government had adopted the Parity Pricing on fuel ethanol where Ethanol is sold at 95% of the price of imported petrol to ensure that the locally produced product is competitive and to allow the industry to mature over time. MERA used the same reasoning and approved that the selling price of JSVO be at parity to the price of imported Paraffin and Diesel. The price of bio diesel was therefore set at Duty Paid Price minus MK5 per litre as an incentive for users until economical levels of production are achieved that would adequately cover costs.

BEARL was also exempted from some levies leaving the Energy Regulation, MBS Cess and the Rural Electrification Levies.

7.3 Electricity

7.3.1 ESCOM's Financial Performance and Electricity Tariff Adjustment

Following the devaluation of the Malawi Kwacha in May 2012, and the escalating inflation, electricity tariffs were adjustment upwards by 63.52% using the automatic tariff adjustment formula (ATAF).

This tariff adjustment allowed ESCOM to generate additional revenues to cater for increased cost of doing business. During the period under review, both inflation and the exchange rate continued to worsen and this resulted into two more electricity tariff increases of 41.91% and 29.33% implemented in November 2012 and May 2013, respectively

In real terms, the three ATAF adjusted tariffs resulted into the tariff moving from US\$0.06/kWh to about US\$0.09/kWh.

MERA's monitoring of ESCOM's financial and technical performance revealed that despite having high cash liquidity, ESCOM struggled during most part of the period under review, to mobilize the required foreign exchange to pay for materials which could have been used to expand system capacity. This resulted in a continued backlog on new connections.

7.3.2 The Renewable Energy Feed-In Tariff (REFIT) Guidelines

MERA finalised the Renewable Energy Feed-In Tariff (REFIT) Guidelines for renewable energy technologies (RETs). The guidelines awaited gazetting together with other related documents such as the Grid Code and the Power Purchase Agreement (PPA).

The maximum tariff levels that can be charged, for various renewable energy technologies as contained in the REFIT guidelines are as indicated in the table below:

Tariff Levels for Renewable Energy Technologies

Type of RET	Feed-In Tariff		Duration
	<i>Firm Power</i>	<i>Non-Firm Power</i>	
1. Wind	US\$0.12/kWh	-	20 years
2. Biomass	US\$0.10/kWh	US\$0.08/kWh	20 years
3. Small Hydro Power Plants	<ul style="list-style-type: none"> • Less than 1MW = US\$0.15/kWh • Between 1 and 5MW = US\$0.12/kWh • Above 5MW up to 10MW = US\$0.10/kWh 	<ul style="list-style-type: none"> • Less than 1MW = US\$0.14/kWh • Between 1 and 5MW = US\$0.10/kWh • Above 5MW up to 10MW = US\$0.08/kWh 	20 years
4. Geothermal	US\$0.10/kWh	-	20 years
5. Biogas	US\$0.10/kWh	US\$0.08/kWh	20 years
6. Solar	US\$0.15/kWh	US\$0.10/kWh	20 years

8.0 TECHNICAL REGULATION

8.1 ELECTRICITY REGULATION

8.1.1 System Performance Monitoring

MERA continued to monitor performance of the Electricity Supply Industry (ESI) through technical key performance indicators (KPIs) in compliance with the Electricity by-laws 2012. Industry performance during the 2011/12 and 2012/13 financial years was noted as below:

Performance Targets for the Electricity Supply Industry

		Standard Measure	2011-2012	2012-2013
Generation System				
Availability (%)		100	87	73
Utilization (%)		90	76	70
Transmission System				
Overhead Lines				
Frequency Index	66kV	10	39	35
	132kV	10	6	4
Duration Index	66kV	70	26	27
	132kV	70	59	47
System Transformers				
Frequency Index	66kV	10	7	4
	132kV	10	3	2
Duration Index	66kV	70	113	116
	132kV	70	86	116
Distribution System				
Average Frequency (AFIk)		9.4	17.21	(19)k
Duration (TITk)		25.8	29.11	(40)k

The performance of the Electricity Supply Industry, with reference to the above table, was noted as follows:

8.1.2 Generation System

The overall utilization and availability of the generation system reduced to **70%** and **73%** from **87%** and **70%**, respectively. The major reasons for the drop were that Nkula B was undergoing rehabilitation and modernization and that one machine at Wovwe was under repairs. Repairs were to be completed in the 2013/14 financial year and it was expected that this would improve performance.

8.1.3 Transmission Network

Transmission system performance improved from 39 to 35 as shown in table above. However, the duration of faults for system transformers and number of faults on 66kV transmission lines were below standard requirement of 70.

8.1.4 Distribution Network

Performance levels were based on the first three quarter, which indicate that average frequency was at (19) k, which is much below the standard measure of 9.4. Similarly, duration levels were at (40) k against the standard measure of 25.8

8.1.5 Electricity Licences

MERA also issued a licence to the Electricity Supply Corporation of Malawi Limited (ESCOM) for the first time. This was after ESCOM fulfilled, to a large extent, major requirements for licensing. However, MERA withheld generation licences for Nkula A and Tedzani I&II due to aging beyond useful life.

The licences were issued with conditions. Among them, ESCOM was to comply with outstanding licensing requirements and signing a Performance Agreement with MERA. A total of seven licences were issued to ESCOM.

8.1.6 Development of Grid-Code

MERA developed the Electricity Grid Code which aims at giving guidelines on system interconnection between players on the national grid. The code was subjected to key stakeholder consultation and awaited gazetting by the Malawi Ministry of Justice.

8.1.7 Electrical Installations Permits

For the first time MERA conducted two sets of interviews for Electrical and Renewable Energy Installers in December, 2012 and April, 2013. A total 106 applicants were assessed. This was after the enabling legislation, as the Electricity by laws 2012, was gazetted.

Electrical Installers Permits

Category of Permit	2012-2013
Category A	11
Category B	24
Category C	53
Category D	143
Renewable Energy	61
TOTAL	292

9.0 LIQUID FUELS TECHNICAL REGULATION

9.1 LIQUID FUELS REGULATION

MERA monitored compliance with blending requirements of 80:20 and observed from production statistics that ethanol supply industry was not able to provide enough fuel ethanol for blending. The findings were consistent with reports from the supply industry on justification for their failure to blend. The major reason was insufficiency of feedstock, which currently comprises sugar molasses

9.2 LICENSING

9.2.1 Liquid Fuels and Gas Licence

The number of liquid fuels and Gas Licences are as depicted in the table below. One production licence was issued to BEARL Limited for the production of Jatropha Straight Vegetable Oil (JSVO) which is used for blending with diesel and paraffin.

There was a drop in the number of importation licences due to failure to renew by some licensees who were issued licences for importation for own use during the 2011/12 fuel scarcity periods. Most of these importers sought licenses to address the then fuel supply shortages.

Liquid Fuels and Gas Licences

	2009-2010	2010-2011	2011-2012	2012-2013
LIQUID FUELS AND GAS LICENCES				
PRODUCTION - (Biofuels)	2	2	2	3
IMPORTATION	8	8	18	15
WHOLESALING	8	7	12	12
STORAGE – Licences	19	18	21	22
STORAGE - Registration Certificates	-	6	10	14
TRANSPORTATION	3	6	11	13
RETAIL	98	139	149	156
Total	138	186	223	235

9.2.2 Coal Supply Licences

Licensing of coal supply remained a challenge due to conflicting policies and duplicated mandates between energy and mining laws. Government commenced reviewing the energy policy and MERA provided its comments proposing areas to be considered for amending. This might see a clearer demarcation between the role of Department of mines and MERA.

10.0 STANDARDS COMPLIANCE

10.1 Inspections

MERA conducted inspections of liquid fuels, gas and electricity installations to check compliance with energy laws in general and licensing requirements as prerequisites to renewal and issuance of licences, permits and registration certificates.

10.2 Compliance with Licensing Requirements

Fuel retail outlets and storage facilities are supposed to install oil / water separators and maintain approved environmental management plans. This is with a view to preventing environmental pollution from likely spills at the fuel pumps or storage tanks. Most of facilities did not comply, especially those that existed before MERA's establishment, and the development of energy regulations and by-laws. These were allowed up to June 2013 to implement measures to comply with all licensing requirements as a condition precedent for renewal of their licences.

11.0 ENERGY LAWS COMPLIANCE

11.1 Civil Litigations

In the period under review, MERA was involved in the following civil cases-

- i. MERA vs INJENA Petroleum Company Limited
- ii. MERA vs Petroleum Importers Limited
- iii. MERA vs BMY removals international
- iv. Albert Kasawala (Kambuku Filling Station) vs MERA

11.2 Criminal Litigation

MERA in collaboration with the Police prosecuted three offenders for offences under the Liquid Fuels and Gas (Production and Supply) Act. In addition the courts started paying to MERA one half of the fines imposed for offences under the Energy laws.

The Authority also continued to provide advice and support on ad hoc basis to the Malawi Police Service in the prosecution of offences under the Energy laws.

11.3 Consultative Workshops

MERA conducted a Consultative Workshop for the development of the Power Purchase Agreement; and the review of Energy laws. The workshops were aimed at getting and incorporating shareholders' views on the two documents.

11.4 Drafting, Vetting Of Contracts and Provision of Legal Advisory Services

In the review period, MERA followed all procedures in drafting and vetting of contracts for its operations as well as Memorandum of Understanding with its cooperating partners. The Authority continued to provide legal advice to licensees and prospective licensees under the Energy laws to ensure compliance with legal, technical and economic requirements prescribed by the law.

12.0 HUMAN RESOURCE MANAGEMENT & ADMINISTRATION

12.1 Staff Compliment

MERA has sixty-eight positions in the staff establishment. By end of the year under review, MERA had a staff compliment of fifty four employees, of which thirteen were females and forty one males.

The following were movements in the staff head count:

Directorate/Section	Opening filled positions	Net Movement	Closing filled positions
Chief Executive Officer's office	3	0	3
Technical Regulation	15	2	17
Economic Regulation	3	3	6
Legal Affairs Directorate	2	1	3
Finance and Administration	25	(2)	23
Audit Section	2	0	2
Total	50	4	54

12.2 Gender Spread per job category

The gender spread was as shown in the table below:

Staff Gender Spread

Grade	Male	Female	Total
M1-M2	4	1	5
MM	13	0	13
P1-P2	12	10	22
SS1-SS2	12	2	14
Total	41	13	54

12.3 Staff Training

The Authority managed to send officers on professional development programmes apart from specialised short courses aimed at enhancing capacity skills on emerging technologies. Included under these programmes were Ultrasonic Testing training at the Non Destructive Academy in Cape Town, RSA; Exploration of Geothermal Resources training at the Kenya Electricity Generating Company, Kenya; Monitoring and enforcement of electricity training, at the IP3 in Washington DC, USA; and Renewable Energy and Energy efficiency training, at Teri in India. One officer also benefitted from Renewable Energy internship at National Association of Regulatory Utilities Commissioners (NARUC), in the USA.

With kind support of the Australian Government, through the Malawi Government, the Authority sent two officers to pursue a Masters' Degree in Communication and a Masters' degree in Energy Systems, respectively, in Australia.

12.4 Presence

The Authority continued to make itself accessible to the stakeholders through its offices in Mzuzu, Lilongwe and Blantyre. The offices were adequately capacitated to offer full regulatory services.

In a bid to promote ease of doing business in Malawi, the Government, streamlined the number of public institutions operating at the border posts. MERA was one of the institutions that moved away from the border posts. The Authority now works in collaboration with the Malawi Bureau of Standards and the Malawi Revenue Authority to inspect imported power technologies, and collect energy products data, respectively.

12.5 HIV and AIDS Activities

The Authority has an HIV and AIDS Workplace Policy. Under the Policy, the Authority undertakes various activities aimed at managing the HIV/AIDS pandemic, as well as reach out to affected communities outside the institution.

Internally, members of staff observed a Health Week whereby different health experts presented and sensitized MERA staff on various health related issues including HIV and AIDS.

Under the outreach programmes the Authority donated assorted food items, utensils and ICT equipment to Tidzuke Orphan Care Centre in Mchinji district.

13.0 FINANCIAL PERFORMANCE

MERA produced its 2012 - 2013 financial statements, which were audited by independent Statutory Auditors, Deloitte. Extracts of the Financial Statements are provided from paragraphs 13.1 to 13.7.

13.1 STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Energy Regulation Act, Chapter 73:02, requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Authority as at the end of the financial year and of the operating results for that year and submit to the Minister, annual reports of the proceedings of the Authority containing particulars with respect to such matters as the Minister may direct.

It also requires the directors to ensure that the Authority keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the Authority and enable them to ensure that the financial statements comply with the Energy Regulation Act, Chapter 73:02.

In preparing the financial statements the directors accept responsibility on behalf of the Authority for the following:

- maintenance of proper accounting records;
- selection of suitable accounting policies and consistent application thereof;
- making judgements and estimates that are reasonably and prudent;
- compliance with applicable accounting standards when preparing financial statements, subject any material departures being disclosed and explained in the financial statements; and
- preparation of financial statements on a going concern basis unless it is inappropriate to presume that the Authority will continue in business.

The directors also accept responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Authority and the Group and to maintain adequate systems of internal control to prevent and detect fraud and other irregularities.

The directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Authority and of its operating results and are signed on its behalf on 25th October 2013 by:

.....
DIRECTOR

.....
DIRECTOR

13.2 INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF THE MALAWI ENERGY REGULATORY AUTHORITY

Report on the Financial Statements

We have audited financial statements of Malawi Energy Regulatory Authority, which comprise the statements of financial position as at 30 June 2013, statements of comprehensive income, statements of changes in funds and statements of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Financial Statements

Directors are responsible for preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and in a manner required by the Energy Regulation Act, Chapter 73:02; and for such internal control as directors determine is necessary to enable preparation of financial statements that are free from material misstatement whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Malawi Energy Regulatory Authority as at 30 June 2013, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Energy Regulation Act Chapter 73.02.

Deloitte
Public Accounts
Lilongwe, Malawi
25th October 2013

13.3 STATEMENTS OF FINANCIAL POSITION

30 June 2013

	<u>Notes</u>	<u>2013</u> K'000	<u>2012</u> K'000
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment		<u>91,636</u>	<u>68,904</u>
CURRENT ASSETS			
Inventory		968	1,965
Trade and other receivables	4	23,576,672	9,645,461
Short term investments		572,564	-
Cash and cash equivalents	5	<u>1,146,609</u>	<u>796,625</u>
Total current assets		<u>25,296,813</u>	<u>10,444,051</u>
TOTAL ASSETS		<u>25,388,449</u>	<u>10,512,955</u>
FUNDS AND LIABILITIES			
FUNDS			
Fuel storage facility rehabilitation fund	6	255,701	50,526
Fuel storage fund	7	812,457	543,918
Price stabilisation fund	8	445,611	2,659
Capital fund	9	141,483	141,483
General fund	10	<u>412,187</u>	<u>5,529</u>
Total funds		<u>2,067,439</u>	<u>744,115</u>
NON-CURRENT LIABILITIES			
Deferred income		<u>118,722</u>	-
Total non-current liabilities		<u>118,722</u>	-
CURRENT LIABILITIES			
Trade and other payables	11	23,167,903	9,753,747
Deferred income	12	<u>34,385</u>	<u>15,093</u>
Total current liabilities		<u>23,202,288</u>	<u>9,768,840</u>
TOTAL FUNDS AND LIABILITIES		<u>25,388,449</u>	<u>10,512,955</u>

The financial statements were authorised for issue by the Board of Directors on 25th October 2013 and were signed on its behalf by:

.....
DIRECTOR

.....
DIRECTOR

13.4 STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2013

	<u>Note</u>	<u>2013</u>	<u>2012</u>
		K'000	K'000
INCOME			
Fuel levies	13	699,078	442,708
Electricity and gas levies	14	333,278	169,598
Fees		<u>36,565</u>	<u>50,197</u>
TOTAL INCOME		<u>1,068,921</u>	<u>662,503</u>
EXPENDITURE			
Administration expenses		(107,462)	(78,647)
Staff expenses		(313,355)	(241,988)
Board expenses		(29,132)	(10,548)
Operational expenses		(222,364)	(266,458)
Depreciation		<u>(53,232)</u>	<u>(34,170)</u>
Total expenditure		<u>(725,545)</u>	<u>(631,811)</u>
Surplus for the year before other income			
and charges		343,376	30,692
Other income		42,334	1,215
Bank and finance charges		(3,094)	(4,028)
Severance pay provision		-	5,628
Interest on outstanding levies		3,441	81,499
Provision for bad debts		<u>20,601</u>	<u>(102,100)</u>
Surplus for the year		<u>406,658</u>	<u>12,906</u>

13.5

STATEMENT OF CHANGES IN FUNDS

For the year ended 30 June 2013

	Price stabilisation fund K'000	Fuel storage fund K'000	Fuel storage facility rehabilitation fund K'000	Capital fund K'000	General fund K'000	Total funds K'000
<u>2012</u>						
At the beginning of the year	177,485	-	141,708	141,483	7,623	468,299
Surplus for the year	-	-	-	-	12,906	12,906
Funds transferred to Malawi Government	-	-	-	-	(15,000)	(15,000)
Receipts during the year	2,202	543,918	11,713	-	-	557,833
Expenditure incurred during the year	<u>(177,028)</u>	<u>-</u>	<u>(102,895)</u>	<u>-</u>	<u>-</u>	<u>(279,923)</u>
Balance at the end of the year	<u>2,659</u>	<u>543,918</u>	<u>50,526</u>	<u>141,483</u>	<u>5,529</u>	<u>744,115</u>
<u>2013</u>						
At the beginning of the year	2,659	543,918	50,526	141,483	5,529	744,115
Surplus for the year	-	-	-	-	406,658	406,658
Receipts during the year	2,470,386	1,901,696	246,051	-	-	4,618,133
Expenditure incurred during the year	<u>(2,027,434)</u>	<u>(1,633,157)</u>	<u>(40,876)</u>	<u>-</u>	<u>-</u>	<u>(3,701,467)</u>
Balance at the end of the year	<u>445,611</u>	<u>812,457</u>	<u>255,701</u>	<u>141,483</u>	<u>412,187</u>	<u>2,067,439</u>

13.6

STATEMENTS OF CASH FLOWS

For the year ended 30 June 2013

	<u>2013</u> K'000	<u>2012</u> K'000
Cash flows from operating activities		
Surplus for the year	406,658	12,906
Adjustments for:		
- Depreciation for non-current assets	53,232	34,170
- Payment to Malawi Government	-	(15,000)
- Loss on disposal of non-current assets	371	649
- Interest received	<u>39,298</u>	<u>23</u>
Net cash used in operations	499,559	32,748
Increase in trade and other receivables	(13,931,211)	(4,713,302)
Decrease/ (increase) in inventories	997	(1,211)
Increase in trade and other payables	13,414,156	4,100,314
Increase in deferred income	<u>138,015</u>	<u>4,550</u>
Net cash used/(generated) from operating activities	<u>121,516</u>	<u>(576,901)</u>
Investing activities		
Purchase of property, plant and equipment	(76,335)	(13,282)
Disposal proceeds/insurance claim	-	18,554
Interest received	(39,298)	(23)
Short-term investments	<u>(572,564)</u>	<u>-</u>
Net cash flow from investing activities	<u>(688,197)</u>	<u>5,249</u>
Financing activities		
Increase in severance pay provision	-	(5,628)
Increase/(decrease) in fuel storage facility rehabilitation fund	205,175	(91,182)
Increase in fuel storage fund	268,538	543,918
Increase/(decrease) in price stabilization fund	442,952	(174,825)
Decrease in finance lease	<u>-</u>	<u>(38,602)</u>
Net cash flow from financing activities	<u>916,665</u>	<u>233,681</u>
Increase/(decrease) in cash and cash equivalents	349,984	(337,971)
Cash and cash equivalents at beginning of the year	<u>796,625</u>	<u>1,134,596</u>
Cash and cash equivalents at end of the year (note 12)	<u>1,146,609</u>	<u>796,625</u>

1) General information

The Malawi Energy Regulatory Authority was established under an Act of Parliament on 24 April 2004. Its operations started in January 2008 after gazzement and appointment of members of the Authority i.e. Directors. The mandate of the Authority is to regulate the activities of the energy sector in Malawi. Energy sector includes: liquid and solid fuel, gas and electricity.

2) Significant accounting policies

The principal accounting policies of the Authority, which are set out below, have been consistently followed in all material respects.

3) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards.

3.1 Basis of Preparation

The financial statements are prepared in terms of the historical cost convention with the exception of certain financial instruments that are included at fair value. Historical cost convention is generally based on fair value of the consideration given in exchange for assets. Other procedures are not adopted to reflect the impact on the financial statements of specific price changes or changes in the general level of prices.

3.2 Income**3.2.1 Energy regulation levy**

Energy regulation levy is receivable from companies and organisations registered with MERA for importing fuel products into Malawi. The value of the levy is contained in the fuel price building-up which is subject to change from time to time. The levies are receivable within 45 years from the date of sale and is accounted for every fortnight. Currently the companies licensed to import fuel are Petroleum Importers Limited, National Oil Company of Malawi, Edikom, Petroda, Puma (diesel), Energem Petroleum Company Limited and Injena Petroleum Company. Fuel imports by Energem Petroleum Limited, Edkom, Puma (diesel), Petroda and Injena Petroleum are very erratic hence very little levy was paid by these companies.

3.2.2 Electricity levy

Electricity levy is accounted for when an organisation licenced to distribute electricity in Malawi has made a sale and the levy is receivable 45 days from the

end of the month of the sale. Currently Electricity Supply Commission of Malawi is the only licensed supplier of electricity.

3.1.1 Licence fees

Licence fees is payable upon being licensed and is receivable annually in advance. The recognition is on accrual basis.

3.4 Income tax

The Malawi Energy Regulatory Authority is a non-profit making organization and is exempt from income tax under sub-paragraph (b) (iii) of the First Schedule of the Income Tax Act.

	<u>2013</u> K'000	<u>2012</u> K'000
4 Trade and other receivables		
Trade	462,435	255,749
Other	9,352	18,936
Prepayments	10,084	2,370
Staff	15,521	5,556
Levies holding account	25,258,258	13,814,520
Interest receivable for MERA	3,441	81,499
Interest receivable for other institutions	<u>112,151</u>	<u>5,090,818</u>
	25,871,242	19,269,448
Provision for doubtful debts:		
- Balances for other institutions	(2,294,570)	(4,431,069)
- Interest for other institutions	-	(5,090,818)
- Interest for MERA	-	(81,499)
- Balances for MERA	<u>-</u>	<u>(20,601)</u>
	<u>23,576,672</u>	<u>9,645,461</u>
	<u>2013</u> K'000	<u>2012</u> K'000
5 Cash and cash equivalents		
Funds on call and on deposits	1,069,582	597,103
Current accounts	<u>77,027</u>	<u>199,522</u>
Total cash and cash equivalents	<u>1,146,609</u>	<u>796,625</u>
6 Fuel storage facility rehabilitation fund		

Balance as at the beginning of the year	50,526	141,708
Receipts during the year	246,051	11,713
Payments during the year	<u>(40,876)</u>	<u>(102,895)</u>
Balance at the end of the year	<u>255,701</u>	<u>50,526</u>

Through MERA, the Malawi Government is in the process of rehabilitating all its fuel storage facilities. To this effect it has set aside funds for purpose. The Authority is only responsible for managing such funds on behalf of the Malawi Government and it cannot access these funds for its operations. The bank account for this fund is maintained at FDH Bank.

	<u>2013</u> K'000	<u>2012</u> K'000
7 Fuel storage fund		
Balance as at the beginning of the year	543,918	-
Receipts during the year	1,901,696	543,918
Payments during the year	<u>(1,633,157)</u>	<u>-</u>
Balance at the end of the year	<u>812,457</u>	<u>543,918</u>

Through MERA, the Malawi Government has put in place a fuel storage fund. This fund is to be used to motivate the Oil Marketing Companies to store more volumes of fuel. Any stockholding costs will be compensated from this fund. MERA's responsibility is to manage these funds on behalf of Malawi Government and it cannot access the funds for its day to day operations. Fuel storage funds are held at the Authority's bank account at NBS Bank.

	<u>2013</u> K'000	<u>2012</u> K'000
8 Price stabilisation fund		
Balance as at the beginning of the year	2,659	177,485
Receipts during the year	2,470,386	2,202
Payments during the year	<u>(2,027,434)</u>	<u>(177,028)</u>
Balance at the end of the year	<u>445,611</u>	<u>2,659</u>

The fund is used in cushion against the effects of any price adjustments especially where the world market prices change while there is no change in the pump price.

The fund is used in cushion against the effects of any price adjustments especially where the world market prices change while there is no change in the pump price. The responsibility of MERA is to manage the funds such that it cannot use the funds for its operations. The funds for price stabilisation are held at the Authority's bank accounts with National Bank of Malawi and Standard Bank.

	<u>2013</u> K'000	<u>2012</u> K'000
9 Capital fund		
Balance as at the beginning of the year	141,483	141,483
Grants received during the year	<u>-</u>	<u>-</u>
Balance at the end of the year	<u>141,483</u>	<u>141,483</u>

The capital fund represents the initial funds injected into the Authority by the Malawi Government. These represented cash, assets and expenditure incurred on MERA's behalf.

	<u>2013</u> K'000	<u>2012</u> K'000
10 General fund		
Balance as at the beginning of the year	5,529	7,623
Funds transferred to Malawi Government	-	(15,000)
Surplus for the year	<u>406,658</u>	<u>12,906</u>
Balance at the end of the year	<u>412,187</u>	<u>5,529</u>

The general fund represents the cumulative net earnings for MERA.

	<u>2013</u> K'000	<u>2012</u> K'000
11 Trade and other payables		
Trade	21,327	29,280
Taxes	6,746	2,075
Provision for contract gratuity	3,412	6,559
Other	57,844	35,778
Levies holding	25,260,993	14,111,124
Interest on levies	<u>112,151</u>	<u>5,090,818</u>
Balance at the end of the year	25,462,473	19,275,634
Provision for doubtful debts - levies (note 10)	(2,294,570)	(4,431,069)
Provision for doubtful debts – interest (note 10)	<u>-</u>	<u>(5,090,818)</u>
	<u>23,167,903</u>	<u>9,753,747</u>

The Levies Holding Account represents fund held by MERA for onward transmission to other parties.

The Directors consider that the carrying amount of trade and other payables approximates to their fair value.

	<u>2013</u> K'000	<u>2012</u> K'000
12 Deferred income		
Long-term deferred income	118,722	-
Current deferred income	<u>34,385</u>	<u>15,093</u>
	<u>153,107</u>	<u>15,093</u>

The movement is analysed as follows:

Balance as at the beginning of the year	15,093	10,543
Receipts during the year	174,579	58,267
Transfer to income statement	<u>(36,565)</u>	<u>(53,717)</u>
Balance at the end of the year	<u>153,107</u>	<u>15,093</u>

The current deferred income represents advance receipts in respect of licence fees that was received by 30 June 2013 for the 2013/2014 period. The long-term deferred income represents advance receipt from ESCOM as generation distribution, transmission and exportation licence fees for the next 30 years.

The directors consider that the carrying amount of deferred income approximates to their fair value.

	<u>2013</u> K'000	<u>2012</u> K'000
13 Fuel levies		
National Oil Company of Malawi	118,131	244,595
Petroleum Importers Limited	508,674	168,658
PUMA (diesel)	58,834	8,973
Petroda	1,678	5,619
PUMA (Aviation fuel)	4,874	5,237
Ethanol levy ex Presscane	2,885	4,535
Edkom	782	1,653
Energem Petroleum Company Limited	1,986	1,523
Ethanol levy ex Ethco	1,234	1,033
Injena Petroleum Company Limited	<u>-</u>	<u>882</u>
Total fuel levies	<u>699,078</u>	<u>442,708</u>
14 Electricity and gas levies		
Electricity Supply Commission of Malawi	332,963	169,270
Affrox Malawi Limited	<u>315</u>	<u>328</u>
Total electricity and gas levies	<u>333,278</u>	<u>169,598</u>

15 Fees

Licence fees	<u>36,565</u>	<u>50,197</u>
--------------	---------------	---------------

Licence fees include application fees and payment for annual licences.

<u>2013</u>	<u>2012</u>
K'000	K'000

16 Other income

Sale of Tender documents	2,110	522
Director's fees (MCCL)	-	156
Staff loan interest	638	514
Bank interest receivable	39,298	23
Insurance claims	<u>288</u>	<u>-</u>
Total other income	<u>42,334</u>	<u>1,215</u>

