



Technical Update

July 2020

Electricity exemption plan and incentives

Ministry of Mines and Energy (“MME”) – Prakas No. 0198 dated 19 May 2020 on the electricity exemption plan and incentives for electricity consumption in the industrial, agricultural, trade and service sectors (the “Prakas”)

This exemption plan and incentives are applicable from June until October 2020. The purpose of this exemption plan and the incentives is to make adjustments to payments for electricity usage in the industrial, agricultural, trade and service sectors, to help lessen the burden on those sectors during the Covid-19 pandemic. The exemption plan and incentives are as follows:

- Exemption from the penalties for failure to meet the minimum electricity consumption or exceeding the maximum consumption stipulated in the supply contract for companies in the industrial, agricultural, trade and service sectors that have been affected by the Covid-19 pandemic. Companies will only pay for the electricity they consume. The price per kilowatt-hours will be based on the average cost of electricity. The exemption applies both to supply contracts signed with Electricité du Cambodge and to those signed with private operators.
- Therefore, companies in those sectors that have not been affected seriously by the Covid-19 pandemic will not benefit from this exemption.
- Companies in these same sectors benefiting from a favorable environment to increase their production or activities in order to prevent an economic downturn will benefit from a 25% reduction in the price of electricity provided that current consumption exceeds the average of the three previous months (January, February, March of this year).

Commentary:

The Royal Government of Cambodia has taken necessary measures to prevent the spread of Covid-19, and at the same, to protect the industrial, agricultural, trade and service sectors from economic downturn. The exemption plan and incentives are welcomed for the industrial, agricultural, trade and service facilities to boost their production and activities.

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