



Distributed Generation Overview: Lesotho

Prepared under the Policy Catalyst Distributed Generation Window

The Distributed Generation Window is a technical assistance program for Sub-Sahara African regulators and utilities to facilitate the integration of Distributed Generation onto electricity networks.

Key points

- Lesotho's enabling framework for Distributed Generation (DG) is still developing. The country has draft DG Connection and Net Billing rules in place.
- The Lesotho Energy Policy (LEP) 2015 sets clear government intentions to fast-track private sector investments in the energy sector.
- The business case for DG in the Commercial & Industrial (C&I) sector is very weak due to electricity price distortions (very low energy charges).
- The Lesotho Electric Company (LEC) does not yet have DG permitting processes.
- No exports are currently allowed by the LEC.

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Background

Lesotho has a national demand of between 196 – 200 MW. It imports about 22% of its power from Eskom and EDM, with local generation and local Independent Power Producers meeting the rest of its energy needs.

Currently, DG is unregulated in Lesotho but as part of the DG Support programme, the country has developed draft DG connection and Net Billing rules.

Lesotho has seen a considerably slow uptake of DG by customers, owing largely due to the poor business case for installing DG. The current electricity tariffs, which are not cost reflective, are a large contributor to the poor business case for DG. Lesotho is still yet to develop a DG application process and DG tariffs. The LEC however, has a handful of clients who have installed unregistered DG systems. Feeding back into the grid is not yet permitted.

DG Regulatory and Institutional environment

In the DG Support Program [White Paper](#), key building blocks for DG implementation are identified, including regulatory, technical compliance, permitting and capacity building areas – summarised in Figure 1.

FIGURE 1. BUILDING BLOCKS OF DG REGULATION AND PERMITTING

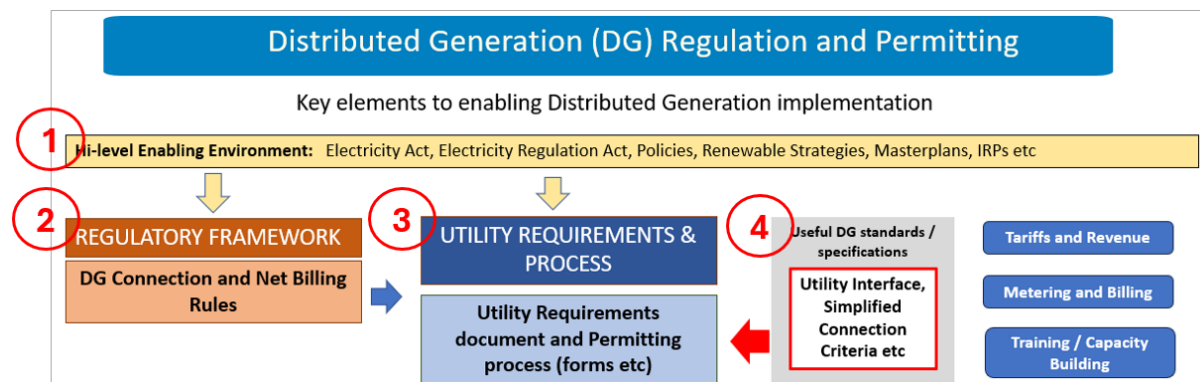


Table 1 provides a high-level overview across all these building blocks, highlighting relevant documents.

TABLE 1. High-level description of the DG enabling environment in Lesotho

BUILDING BLOCK	DOCUMENTS	NOTES
1. High-level enabling environment		The Lesotho Energy Policy is aligned to the Vision 2020 and the National Strategic Development Plan (NSDP) and promotes development of environmentally cleaner renewable energy and increasing its share in the country's energy mix. There's however no particular emphasis on DG. The

LEP 2015 also encourages the development of a net metering system for wider adoption of renewable energy technologies

Lesotho Energy Policy (2015 – 2025) Sets out the strategic direction of the country's energy sector developments. It calls for the increased private sector participation in the energy sector, underlining the need for the uptake of investments in clean energy solutions.

The Regulatory Framework for the Development of Renewable Energy Resources in Lesotho Commissioned by the Lesotho Electricity and Water Authority (LEWA), it makes clear recommendations on various legal instruments to guide the promotion and facilitation of private investments in renewable energy.

2. Regulatory framework

The DG regulatory framework is under development in Lesotho.

Net Billing Rules 2024 (draft)

The Net billing rules define the minimum requirements for interconnecting DG to the grid, including eligible generation technologies, generation capacity limits, metering requirements, and billing and compensation arrangements, amongst others.

3. Utility permitting process

Documentation of the permitting process is not yet in place.

Requirements for Distributed Generation (draft)

Initial draft utility 'Requirements for DG' document developed. Technical and legal aspects being clarified. Potential final draft 2024/25

4. Standards and specifications

Lesotho has not yet developed Standards and Specifications for Distributed Generation. Technical studies are being undertaken under the DG Support programme to develop such standards.