

Every week in Rwamagana, dairy operator Naomi Uwamariya spends more than Rwf 5,000 on electricity just to keep her milk cold. Without refrigeration, the milk would spoil, yet the recent increase in power tariffs is set to push her costs even higher.

“That means I have to revise my price,” she said, “but the bigger worry is that I might lose customers. People here are very sensitive to any increase.”

Her situation reflects the unease gripping households and small businesses across the country. While the government maintains that the new tariffs will not affect commodity prices, many ordinary citizens are already bracing for higher expenses.

The Rwanda Utilities Regulatory Authority (RURA) raised the average electricity tariff to Rwf 214 per kilowatt-hour, up from Rwf 186. Trade and Industry Minister Prudence Sebahizi defended the move, emphasizing that large industries remain shielded from significant increases.

Table: Electricity Tariff Snapshot



Households consuming more than 50 kWh per month now pay Rwf 214 per kilowatt-hour, up from Rwf 186, representing a 48% rise. Small businesses and shops have seen their rates rise from around Rwf 186–190 to between Rwf 220 and 250, an increase of 20–30%. In contrast, large industries experienced only a modest adjustment from Rwf 186 to 192, a change of about 3%.

“We do not expect the new tariffs to translate into higher commodity prices because industries are still benefiting under this revised structure,” he said.

Officials explained that the increase is meant to cover rising production costs, reduce reliance on imported fuels, and attract investment into the energy sector. They also highlighted a key achievement: electricity now reaches 85 per cent of rural households, bringing modern energy to communities that were previously off-grid.

On the other hand, the government has committed to investing US\$1 billion in energy generation, aiming to increase capacity and reduce dependence on imported fuels. Minister of Finance and Economic Planning Yusuf Muragwa said that more than Rwf 440 billion in energy generation to meet the rising demand driven by the industrial sector.

“Government made investments in energy generation to increase supply but its not enough,” he noted adding, “In the next five years, we need to invest more to reach the universal access target for households to meet the growing demand.”

The number of households connected to electricity has arisen from 2 per cent in 2007 to 75 in 2006. Government targets to reach 100 per cent household access by 2029.

Currently, about 400 megawatts of electricity is generated in the country, but in the next five, the country will need 1,000 megawatts to meet the energy demand for industries, which will require US\$1billion?

While this could improve reliability and perhaps dampen future cost pressures, small businesses like Naomi Uwamariya’s may still struggle in the short term to absorb the immediate increases in electricity costs.



Diagram shows who pay what according to the new electricity tarriffs

Who pays what?

At a steel plant in Rwamagana, manager Patrick Nshizerungu confirmed the protection: “Our adjustment is small compared to what households face. It allows us to keep production steady without touching the prices of construction materials.”

In Kayonza town, salon owner Patrick Uwitonze faces difficult decisions. “If the bill shoots up, I will have no option but to charge more, and some customers might walk away,” he said.

Maize miller Charles Nkurunziza, also in Kayonza, relies heavily on electricity for milling. “Electricity is my biggest expense. If the bill rises, I have no choice but to increase the milling fee. Otherwise, I can’t keep the machines running,” he said.

Meanwhile, ordinary families are adjusting as well. Jean De Dieu Sebuharara, a father of three in Kigali, explained: “Our monthly electricity bill will jump, and that will eat into the food budget. It is tough, especially with school fees and transport costs already high.”

Rwanda Dispatch interviewed two more small scale businesses, both of them say,

that a slight increase in bills eat directly into their operating capital, which becomes a struggle budget or plan for expansion, “it is unpredictable when it comes to budgets and planning for business expansion. They need to enhance affordability before committing to further investment in power generation infrastructure”

Energy experts say the tariff adjustment highlights a difficult trade-off. Rwanda needs cost-reflective pricing to maintain and expand electricity supply, but the new costs shift pressure onto households and small businesses.

“The design protects industries, but it shifts pressure onto ordinary consumers,” an independent analyst in Kigali said. “A family running a fridge, or a small shop with refrigeration, will feel the pinch immediately.”

Although Rwanda’s energy policy includes a major push — a US\$1 billion investment to ramp up power generation — those measures are long-term. For small enterprises, the pressing issue is now: rising tariffs threaten to undercut profitability, especially for those relying heavily on consistent refrigeration or machinery.

The government argues that the investment will help reduce reliance on imported fuels, which are a key driver of electricity costs. In theory, that could help moderate electricity price increases in the future. But for today’s small businesses, the burden is already real.