

Eskom MYPD3/4 Presentation

Presented by

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Opening statement

- ▶ Firstly we would like to thank NERSA for giving us the opportunity to present at this Eskom hearing on the proposed tariff increase .
- ▶ We understand the enormous responsibility that is placed on the NERSA board as a whole to make the correct decision when considering this application
- ▶ We understand that Eskom is going through massive changes and challenges but who should cover these costs .

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What are the positives from Eskom

- ▶ The apology
- ▶ The request to simplify the tariffs to only Three Tariffs so consumers have a better understand
- ▶ Submitting of a cost of supply study
- ▶ Top Management admitting to major problems that existed within Eskom

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Public View

- ▶ Eskom should not get an increase as they have mismanaged the SOE and have operated with inefficient practices unchecked .
- ▶ If there is an increase in actual cost to the consumer it will cause massive job losses in a climate where our president is trying to boost the Economy and job creation .
- ▶ We still do not have a clear picture on what the government and Eskom have as a turn around plan IE the unbundling of Eskom
- ▶ Eskom is still not been 100% truthful
- ▶ Why are the mark ups from councils so high .
- ▶ Why should the consumer pay for capital expenditure way above what is needed .

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NERSA's Roll

- ▶ NERSA through the Electricity Act can demand answers from Eskom and if unsatisfactory could imposed fines and affect the license
- ▶ In Durban NERSA was accused of been asleep at the wheel in the past by Mr Desmond D'sa a presenter from a community action group .
- ▶ The NERSA CEO also made a comment referring to Albert Einstein stating that if we carry on doing the same thing and expect a different outcome this would be insanity .
- ▶ Are the pricing models that NERSA is using to calculate tariffs not antiquated and should we not be using real data that is available .
- ▶ The Time period to handle complaints submitted to NERSA is far to long because of the massive increase in complaints .

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Where does the consumer stand

- ▶ Eskom is painting a picture of we dammed if we do and we dammed if we don't
- ▶ Will we have massive power outages if Eskom does not receive a increase
- ▶ Who should bail Eskom out of this mess.
- ▶ Eskom has caused companies to lay out additional costs for either hiring of generators or the purchase there of ,plus the additional cost of running these generators for extended periods .
- ▶ Companies have lost turnover because of load sheading .
- ▶ What is the real cost to the country for all Eskom's problems .

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Alternative solution

- ▶ I believe that the cost of supply to the consumer as whole should be looked at from generation to last mile distribution including municipalities ,resellers and landlords
- ▶ If we analyze the tariffs of some of the metro's the only one operating close to the NERSA recommendations is Ethekeweni , Nelson Mandela Bay is working with Business to try reduce electricity costs
- ▶ From analyzing a large customer's consumption in the city power region and applied the various Metros tariffs our findings were quite disturbing .

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Utility Cost Comparison large Business

Utility	17 /18	6month 18/19	Difference to Eskom 17/18	Difference 6 months 18/19	addition above NERSA	Addion above NERSA
Ctiy Power MV TOU	R15 142 380.86	R7 916 527.70	R4 390 120.17	R3 159 167.76	R400 000.00	R600 000.00
Eskom Miniflex	R10 752 260.69	R4 757 359.94	R0.00	R0.00	R0.00	
Tshwane MV TOU	R12 970 799.68	R6 688 683.44	R2 218 538.99	R1 931 323.50	R0.00	
Ethekweni MVTOU	R11 451 399.24	R5 962 364.96	R699 138.55	R1 205 005.02	R0.00	
Ekurhuleni Tariff D	R13 875 919.77	R7 161 311.30	R3 123 659.08	R2 403 951.36		
City Of Cape Town MV TOU	R13 304 223.63	R6 973 572.72	R2 551 962.94	R2 216 212.78	R200 000.00	R200 000.00

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Municipalities

- ▶ Municipalities consume +- 40 % of Eskom's generation
- ▶ SALGA stated that Municipalities are seeing a downward trend in consumption of +-2% ,so why is Eskom require capacity of 80 % more than is present peak load
- ▶ Why Councils are allowed to recover non technical losses , but is this through there own doing .
- ▶ Councils tariffs models are very complex and are not consumer friendly .

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How can we have a Zero % increase to a large portion of the Consumers

- ▶ Allow Eskom to simplify the tariffs to Three Tariff structures
- ▶ Have the same tariff model to all consumers .
- ▶ If Eskom is allowed to have any increase, then NERSA should reduce the profit that some municipalities have at the moment so that the consumer has a zero increase .
- ▶ NERSA must control all charges related to utilities ,and Treasury can not be involved in allowing additional surcharges
- ▶ All Councils must have TOU tariffs across the consumer base ,so the consumer's can have the opportunity to save .
- ▶ Remove winter based tariffs as it this stunts economic growth
- ▶ All metering should be done independent through NERSA licenced service providers .
- ▶ Rouge Municipalities , resellers and landlords should be dealt with buy NERSA
- ▶ NERSA should Increase staff complement to deal with the large amount of disputes

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Conclusion

- ▶ Before increasing tariffs we need to understand where the increase is required
- ▶ Simplified tariff structures as per Eskom tariffs
- ▶ NERSA must control all aspects of the tariffs to consumers
- ▶ No additional charges approved by treasury
- ▶ Accountability for non compliance to the NRS code of practice



Thank You