

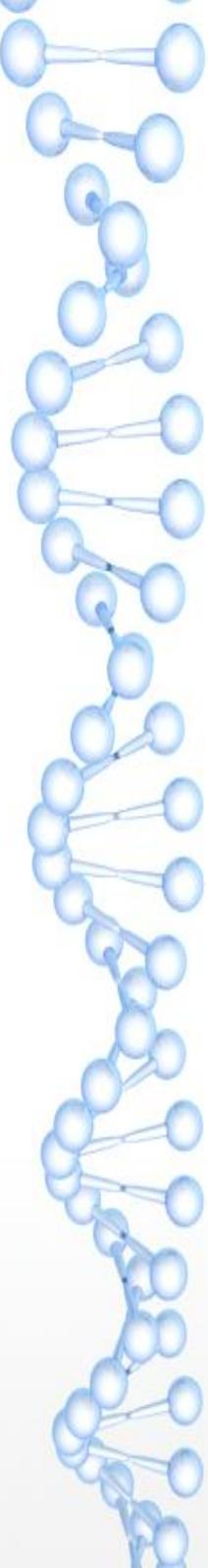
# NERSA PUBLIC HEARING – MPUMALANGA

2018/05/07

REGULATORY CLEARING ACCOUNT FOR  
MYPD

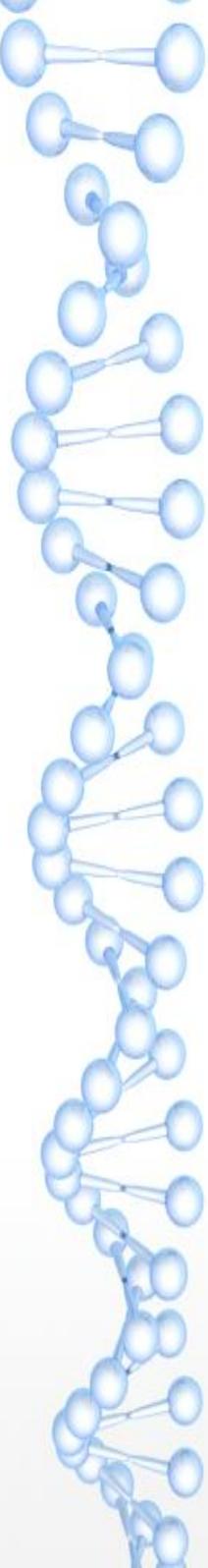
**Presentation by  
World Sending Service NPC**

An Eskom Land rate client,  
3km south of White River



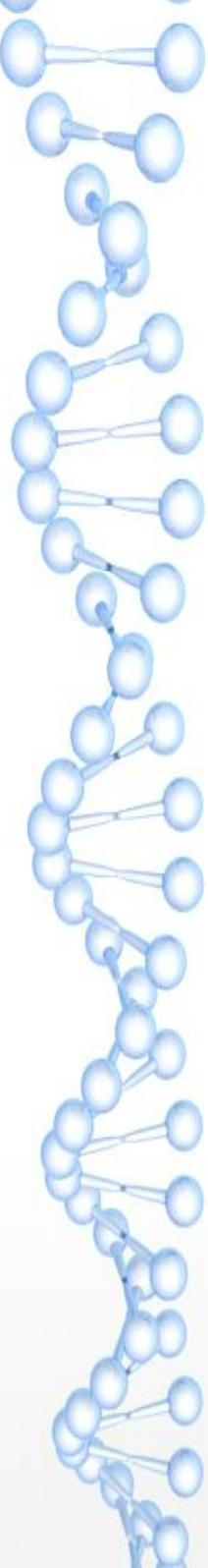
# Greetings

- to all the public, guests and media here today
- to ESKOM, NERSA, chairperson of this hearing, commissioners, officials, duly appointed to regulate the energy industry, and facilitating this process of public participation
- to other presenters who voice their concerns



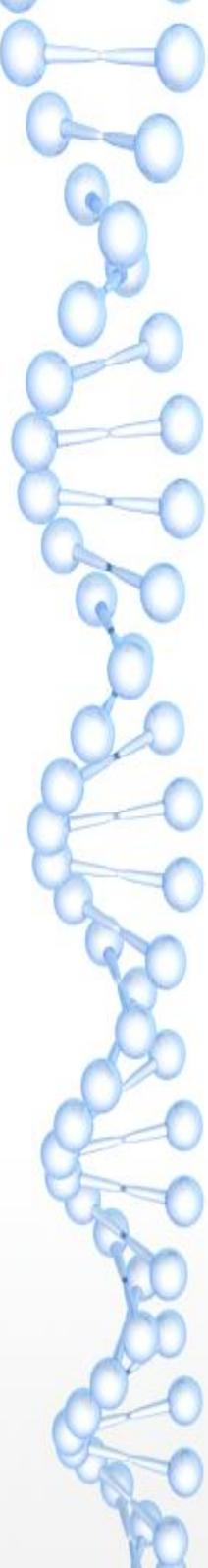
# Who are we?

- World Sending Service is a Non Profit established in 1992 as a service provider to various projects
- we engage in assisting indigent persons through redistribution of goods, providing affordable housing, amongst others



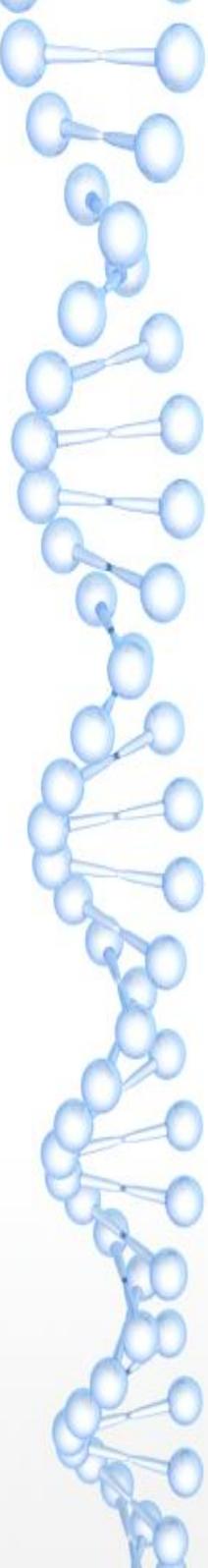
# Where are we?

- 3km south of White River in what can be called the epicenter of the Mbombela Metro pole
- We are fed by Eskom along with many other rural residential households in a belt from Marathon Sub station to Plaston that feeds hundreds of land rate customers on the PBE 11kV line



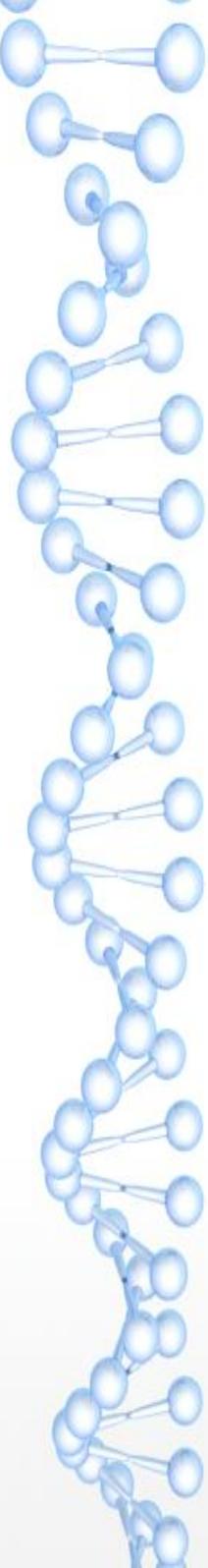
# Demographics

- a retired artist doing pottery to eek out an existence
- a 70' something tractor mechanic that still works
- a middle aged family on the brow of the hill
- a 60' something doing signage and design



# Demographics

- self catering and tourism / Cooks Comfort, Phumlani B&B, Esra Bosch Studios
- government officials in a double storey with Lexus parked in the driveway
- a church on the corner
- an elderly bee farmer who job creates selling icies to spazas
- a family home
- many young, middle aged and old tenants who cannot afford a home in town
- a few farmers – who have access to dams or the canal, the rest are incredibly water



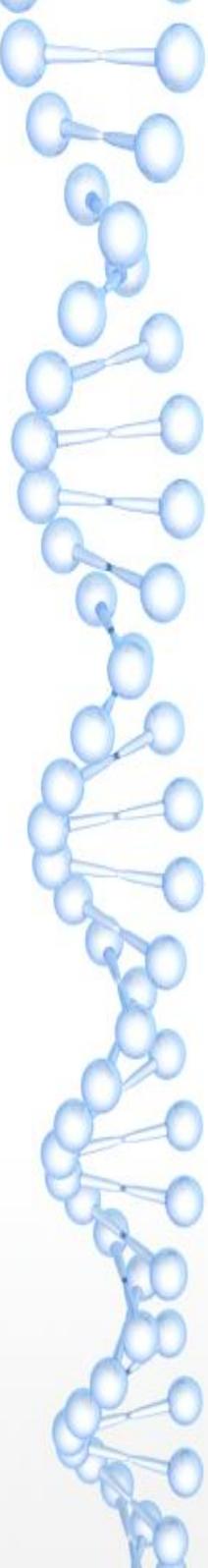
# Economics

- most people are working class, without medical aids, pensions, some under debt review, one or two better off, but not the norm
- some tenants have to ride water in at around R 1000 per month to do basic household chores because there is no water on their stands
- smaller households pay R 5.498/ kWh (around R 3000 pm), and bigger households with multiple households can halve that to R 2.52 / kWh (around R



# **Our Position on the RCA Application of Eskom**

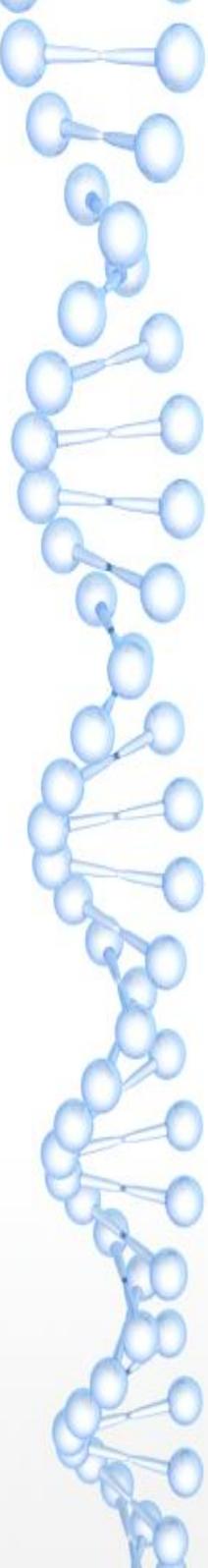
- *We reject the RCA based increase applied for by ESKOM*
- *We request that NERSA not grant any increases to ESKOM under RCA provisions as we find fault with issues like underspending on fixed rate items or maladministration of these funds*



## Landrate fixed charges:

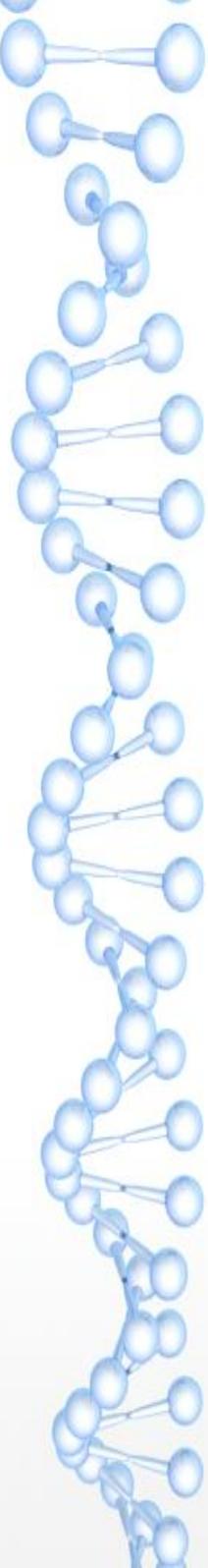
- *Service and Administration charge of R 22.13 per day*
- *Network capacity charge of R 40.97 per day*
- ***Total FIXED charge per month (incl Vat at 15%)***

**R 2176.95 regardless of consumption**



## Now add to this:

- Network Demand charge  
@ R 0.2493 / kWh
- Ancillary service charge  
@ R 0.0039 / kWh
- Energy Charge  
@ R 0.9979 / kWh
- This computes to a total user charge  
@ R 1.2511 / kWh



## The impact : typical household:

- You get a bill that amounts to R 3002.02 for using 546 kWh (when town clients will pay R 833.69 for the same power).
- If you work out what your actual cost is per kWh, including those fixed charges, it works out to

**R 5.498 / kWh**

# Typical White River Statement Mar 2018

DATE	DETAILS	METER NO	READINGS		UNITS	LEVY	VAT	AMOUNT
			CURRENT	PREVIOUS				
03/10	ELECT-DOMESTIC-HIPPO	329626	86379	85638	741	1056.39	147.89	1204.28
03/10	WATER:DOMESTIC-W/R	425092	14025	14006	19	409.95	57.39	467.34
03/10	WA FREE UNITS	425092	14025	14006		-116.11	-16.26	-132.37
03/10	SEWERAGE					110.89	15.52	126.41
03/10	SEWER:BASIC DOMESTIC					58.56	8.20	66.76
03/10	BASIC:WATER:RES					112.51	15.75	128.26
03/09	INTEREST					9.71	0.00	9.71

# Land Rate Typical, April 2018

Our last estimated bill, excl. Vat, massively underestimated, but serves as a good household comparison for landrate users:

Your next estimated reading will be on 18/05/2018

## CONSUMPTION SUMMARY FOR BILLING PERIOD

METER NUMBER	PREV. READING	CURR. READING	DIFFERENCE	CONSTANT	CONSUMPTION
3107140283045	12776.0000	13322.0000	546.0000	1.0000	546.0000

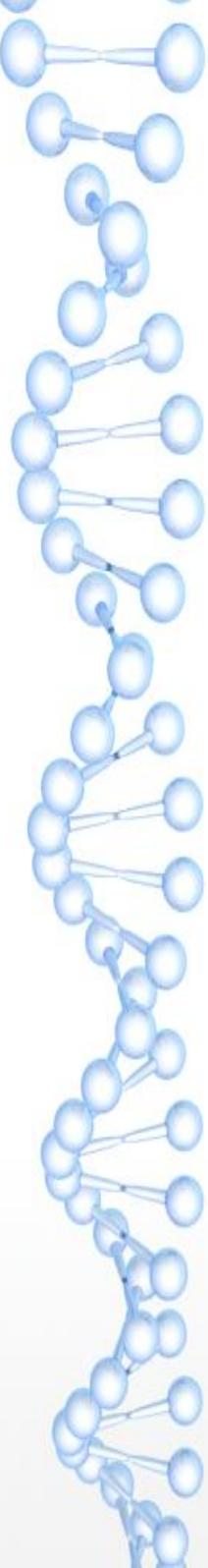
**TOTAL ENERGY CONSUMED FOR BILLING PERIOD (kWh)** 546.00

PREMISE ID NUMBER  TARIFF NAME: Landrate 1,2,3

GED 5 VAN BELLEVUE 104JU, BELLEVUE 11KV F2218, PO BOX 3065, HONEYDEW, 2040

Service and Administration Charge @ R21.03 per day for 11 days	R	231.33
Network Capacity Charge @ R38.93 per day for 11 days	R	428.23
Network Demand Charge 200 kWh @ R0.2369 /kWh	R	47.38
Ancillary service charge 200 kWh @ R0.0037 /kWh	R	0.74
Energy Charge 200 kWh @ R0.9483 /kWh	R	189.66
Service and Administration Charge @ R22.13 per day for 19 days	R	420.47
Network Capacity Charge @ R40.97 per day for 19 days	R	778.43
Network Demand Charge 346 kWh @ R0.2493 /kWh	R	86.26
Ancillary service charge 346 kWh @ R0.0039 /kWh	R	1.35
Energy Charge 346 kWh @ R0.9979 /kWh	R	345.27

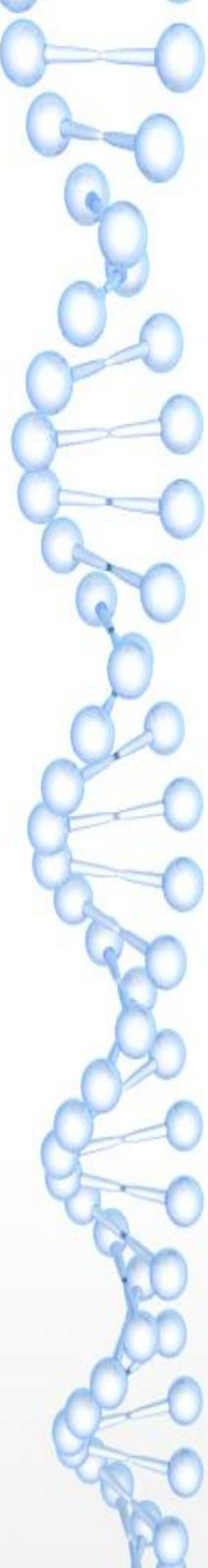
**TOTAL CHARGES FOR BILLING PERIOD** R 2,529.12



# Landrate customer's dilemma

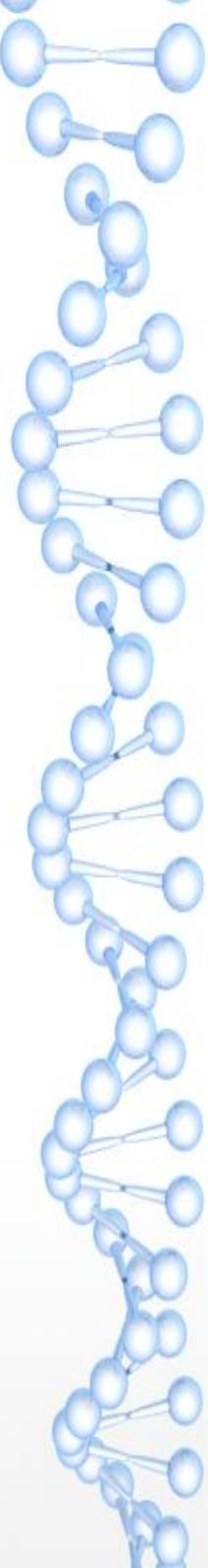
How do you justify the principle of fair price and tariffs in the public interest when considering the following?

- *ESKOM loads landrate customers with fixed costs that makes electricity more expensive the less you use. A double whammy!*
- *This is exactly the opposite of the tariff structure of our municipality that varies cost from R 0.8785 to R 1.7543 with consumption at less than 50kWh and more than 600kWh respectively.*



# **ESKOM has an incentive offer**

*“Eskom has a total of 500MW available that customers can utilise at the incentivised flat rate under the umbrella of this programme.” See their website for more details!*

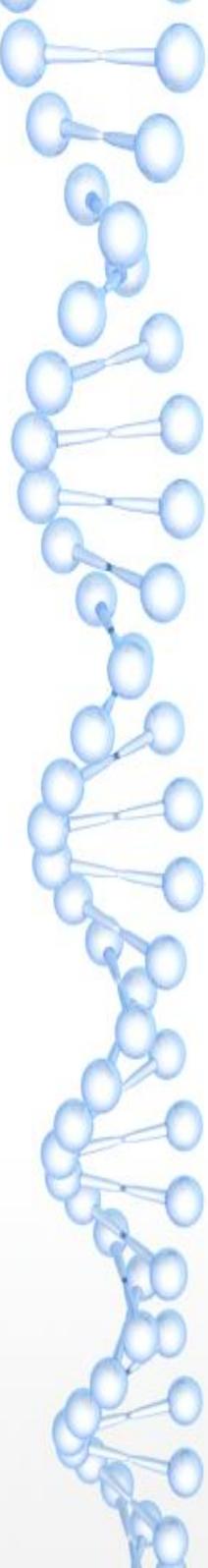


# An offer good to big industry, but what about Rural residential?

*The incentive is offered for each additional unit of electricity used above the baseline consumptions figure.*

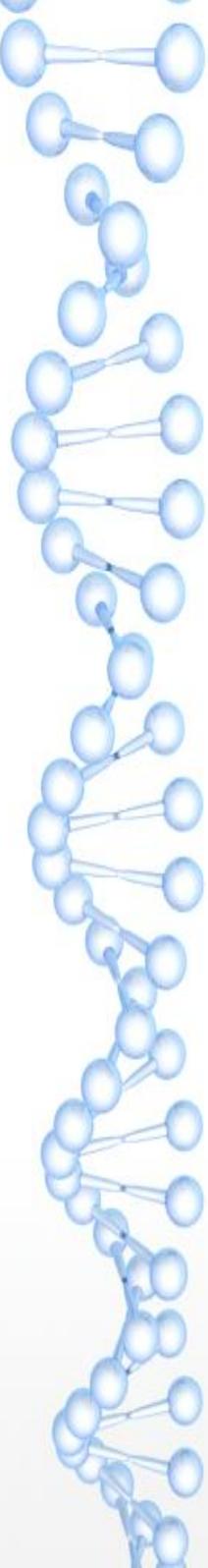
*The incentive is valid for electricity use at any time of day-during all the Time-of-Use (TOU) periods.*

*ESKOM is seeking greater takeup from big users at preferential rates, but taxes households, making them to pay more for the less power they use.*



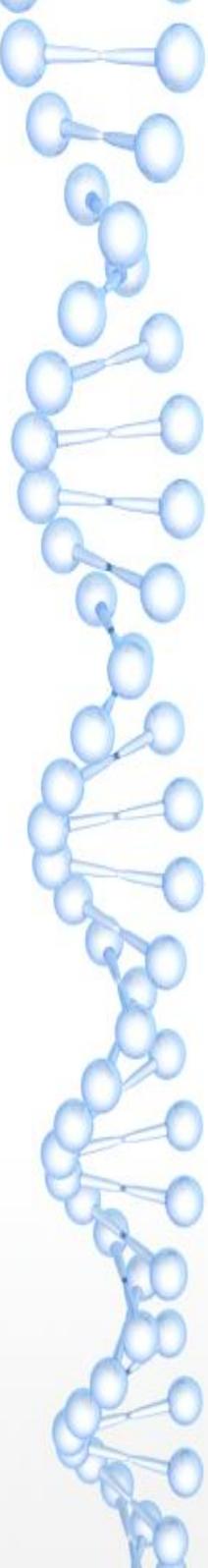
# Maintenance and network refurbishment

- *We assume that funds are allocated to maintenance as well as network refurbishment in accordance with the National Energy Regulator tariff guideline for fixed land rate costs? We have reason to believe otherwise.*
- *if these are part of monthly fixed costs per client invoice, they should be so expended, otherwise that would be fraud, that is, to recover amounts and misappropriate, or fail to appropriate –*



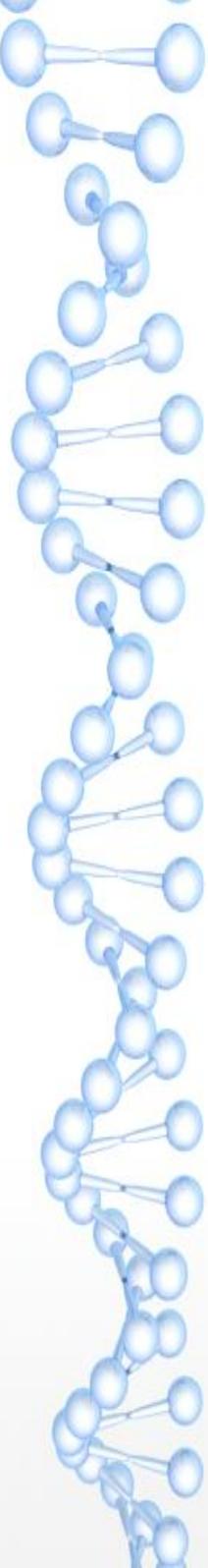
# Where has our money gone?

- World Sending Service has paid over 16 years approximately R 200,000.00 on fixed charges, excluding R 750,000.00 on energy charges.
- For meter reading and ...? What happened to line and vegetation maintenance?
- Eskom replaced a few poles, and did one veld clean in 10 years!



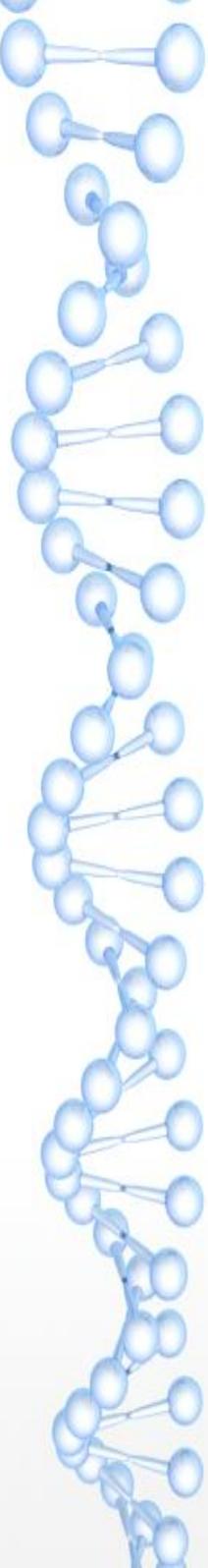
# 14 hours without power

- Its 2017, end of the year
- Eskom power goes down
- 3 poles blew over!
- Under what maintenance neglect do things like that get to happen?



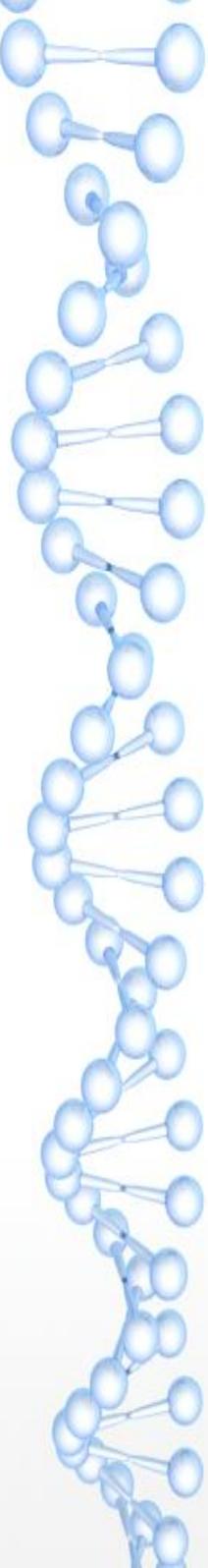
## **Where are the fruits of the fixed costs collected by ESKOM?**

- We see no audits of ESKOM's supply to landrate users, and are awaiting for years a response in this regard, yet we see ample compliance audits of the Electricity Distribution Industry
- We see capital and maintenance scrubbing utilised by ESKOM as attested in media evidence by consultants and auditing firms
- Yet we are billed for fixed charges that should be allocated and expended on



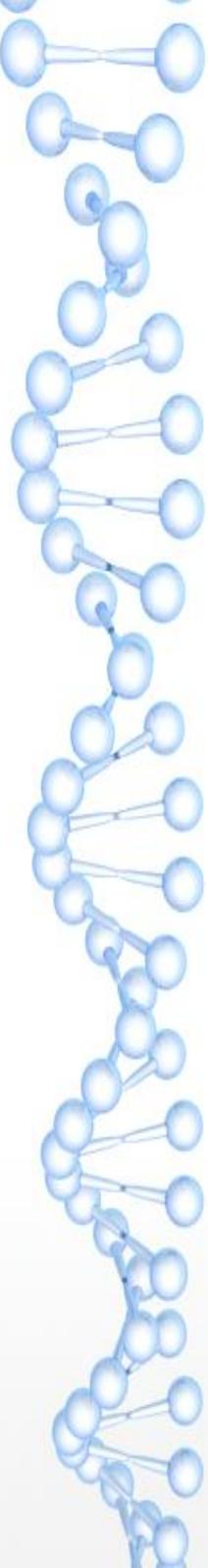
## **ESKOM Report Card by WSS**

- *Failed to indicate their due diligence and care for the items covered for under the fixed pricing items*
- *Has not shown that the amounts invoiced for these items have faithfully been expended in the client's interest after repeated requests and opportunity to respond to criticism*
- *Failed to show themselves accountable to NERSA in our matter, and their unilateral approach is nothing less than them being a law unto*



# Matters for Arbitration

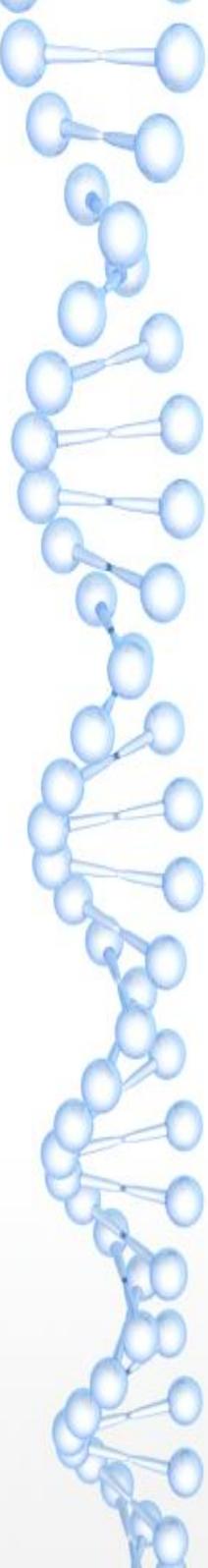
- *No copy of our service agreement yet*
- *No wayleave for the PBE MV route passing through our property*
- *Failed vegetation management and no environmental management plan issued*
- *Failed line maintenance and no relating standards issued after repeated requests*



# **ESKOM's Incompetence:**

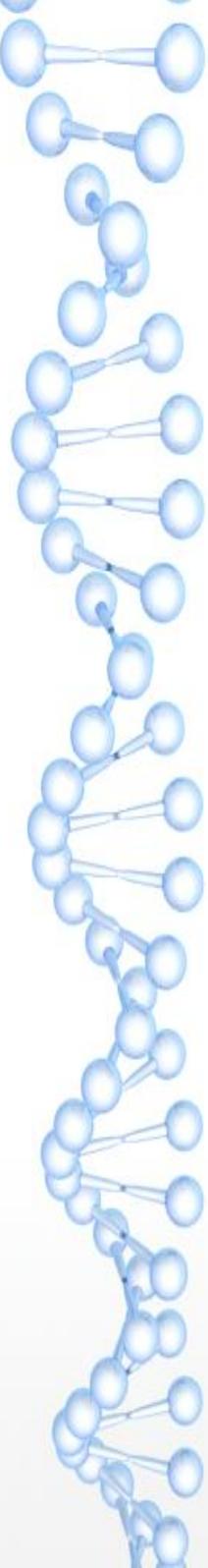
**ESKOM recently installed an out of line transformer, per their request**

- Their engineer after installation noted that since the line was ending on our property, an out of line transformer was not even necessary. Wastage?
- ESKOM insisted that a Neutral Surge Arrestor was not necessary on the transformer
- Later ESKOM had to admit the need thereof and re-install earthing after failed standards implementation



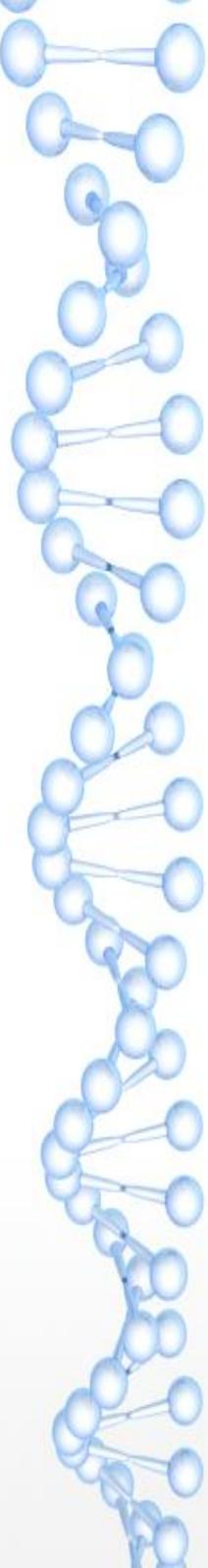
## Gross Negligence:

- Eskom uses unarmoured cable between meter kiosks and transformers, their technicians claim this is the new standard
- On a 100kVA transformer, that is 160Amps of unchoked lethal energy – totally unprotected!
- Eskom has to date failed to adhere to requests to rectify these
- Life cycle performance analyses of the assets and periodic network



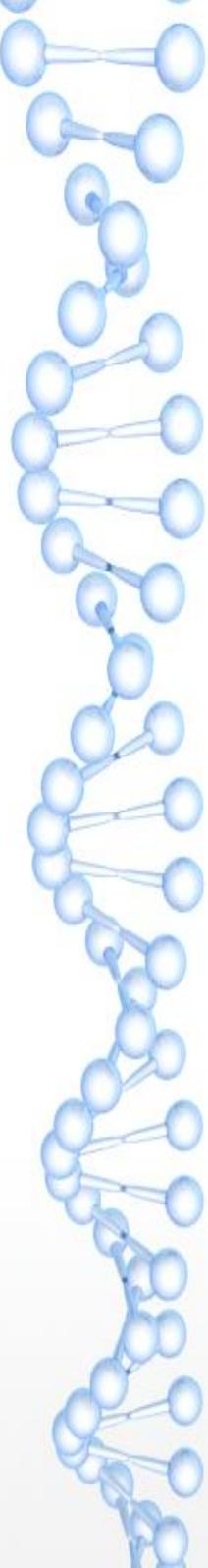
# Energy Industry Tenets

- *ensure that the interests and needs of present and future electricity customers and end users are safeguarded and met, having regard to the governance, efficiency, effectiveness and long-term sustainability of the electricity supply*
- *achieve the efficient, effective, sustainable and orderly development and operation of electricity supply infrastructure in South Africa*



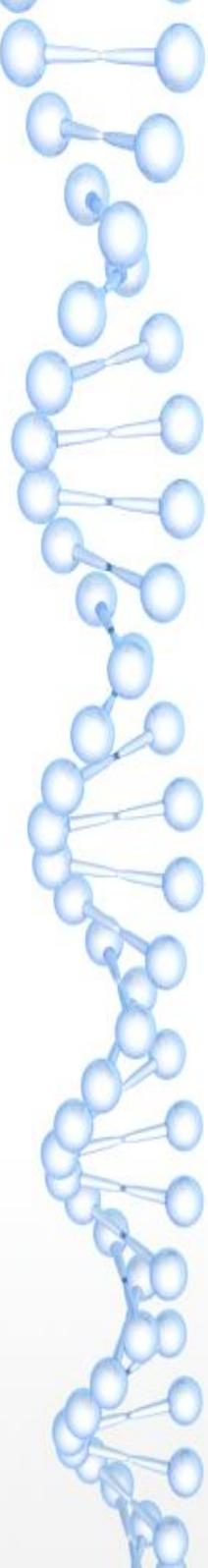
## **Our Appeal to NERSA**

- Please enforce performance and compliance
- Take appropriate steps in the case of Eskom's non-performance
- Let us not be held ransom by Eskom by the call for long-term sustainability
- We need long-term sustainability of supply with or without Eskom



## Reason tells us:

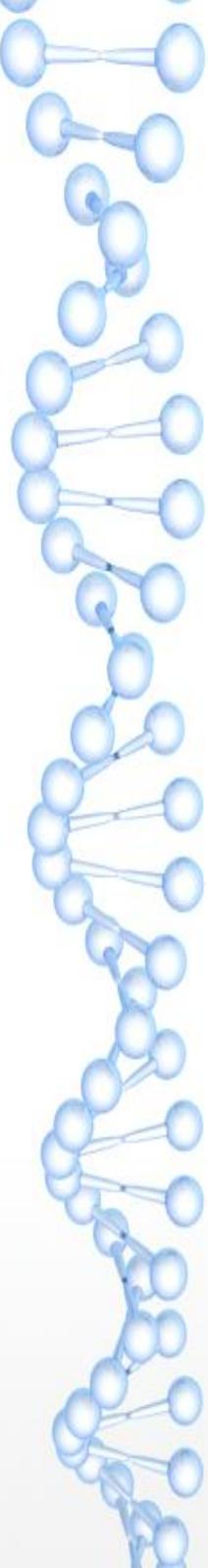
- We need to penalise inefficiency and ineffectiveness
- Eskom is the author of their own demise
- We should not pay a cent more for their incompetence and inefficiency
- We should rather investigate and refund the working class the wasted fixed costs
- We cannot pay more – ask pensioners in town, the working class, they ask



# The proposed Increase

Using 2002 as a baseline real cost of 28c/kWh:

- by 2018 - 792% increase in real terms
- Include RCA – 1136% increase in real terms
- 2153% increase if we install solar geysers to survive the coming increase, and let fixed charges be 70% of our bill!



# We thank you!

- There is a bright future ahead! Beyond Eskom!
- We look forward to NERSA taking the lead to implement a radical approach that will not benefit Eskom's ongoing monopoly but every South African who deserves a cheaper, cleaner and a more effective energy sector
- Reports are ample, discussions and talk shops have and continue to take place
- Eskom needs to be reshaped decisively, so that never again will be held hostage by the one who is supposed to serve us, who claims that the customer is at the center

Dean le Roux

Concerned, White River, Mpumalanga