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Our Ref: NER Reg.

September 2006

Dear Sir / Madam

DIRECTIVE FOR TRANSPARENT BILLING

The National Electricity Regulator (NER) continues in its endeavour to enhance service delivery in the ESI (Electricity Supply Industry) which it committed itself on its inception in April 1995.

To this end, it commissioned the development of service standards, NRS 047, through a consultative process that involved all stakeholders. The standard provides minimum services that consumers can expect from their suppliers.

One of the functions of the regulator is to resolve complaints received from consumers. These complaints provide the NER with the opportunity to detect instances of non-compliance with these standards.

The NER is frequently confronted by allegations from consumers that their bills do not make sense to them.

The information provided on all electricity bills is of utmost importance to electricity consumers. It is for this reason that licensees are required to comply with the requirements of Section 4.3.5.1 of NRS047-1 (2002).

To address the problem, the NER conducted a research and its findings are contained in the attached directive. The attached document outlines the requirements of the Directive as well as the background leading up to its issue.

The Directive comes into effect on 1 January 2006 and all licensees are expected to implement the requirements stipulated therein, in order to improve transparency in the Electricity Supply Industry.

Yours faithfully

Smunda Mokoena
Chief Executive Officer

DIRECTIVE TO ALL LICENSED DISTRIBUTORS REGARDING THE PROPOSED CHANGES FOR ELECTRICITY BILLING

The NER has dealt with and resolved a number of complaints from customers throughout the country. Most of the complaints received by the NER revolve around account queries and the inability to understand electricity bills. On perusing the copies of the bills sent through by customers, the NER found some of the bills confusing, not transparent and not in line with section 4.3.5 of NRS 047-1 (1999), Quality of Service Standard.

To assist the customers and suppliers in this regard, the NER initiated a project to investigate the current billing practices and formats in consultation with service suppliers with the aim of improving on existing practices and ensuring application of the standard.

A research survey was conducted using a representative sample of 23 municipalities with different size profiles, randomly selected, (all municipal categories inclusive: 3 X electricity bills – household, commercial and industrial customers). A number of the more common fields were examined, and the following table contains a summary of the findings.

1. FINDINGS

| Category | Occurrences out of 23 municipalities surveyed | Comments |
|---|--|---|
| Account numbers | 23 | Account numbers reflect on all electricity bills. |
| Personal details | 23 | Personal details (Customer's details) reflect on all 23 bills. |
| Opening reading | 21 | Opening readings reflect on 21 bills. |
| Closing reading | 22 | Closing readings reflect on 22 bills. |
| Consumption | 22 | The amount of units of electricity consumed by customers reflects on 22 bills. |
| Diff. Tariff components | 6 | Only 6 bills reflect the different tariff components, contrary to NRS047. |
| Tariff name | 6 | Only 6 tariff names reflect on bills. This makes it difficult for customers to ensure they are charged on the correct tariff. |
| Outstanding balance | 23 | Outstanding balance appears on all electricity bills. |
| Due date reflected (When is the payment due – when is it payable by)? | 20 | Due date of the payment of the account reflected on 20 electricity bills. |
| | | |

| | | |
|---|--|---|
| Payment – previous payment/s made by the customer | 21 | Reflected on 21 electricity bills. |
| Free basic electricity | 4 with the actual kWh allocation 1 without. | 5 municipalities reflected free basic electricity out of 23 municipalities - 4 state the kWh given and 1 didn't show the amount. |
| Contact numbers – after hours | 1 emergency number and 22 switchboard nos. | 1 municipality had an after hours telephone number and 22 municipalities didn't have, only switchboard, which in some areas is 24 hour. |
| Methods of payment and venues | 9 | Methods of payment - Cheque, credit card and venues like, Pick n Pay, Bank (et cetera). Only 9 municipalities give such information. |
| Arrears and written warning | 5 | 5 municipalities give cut-off information on their electricity bills and the rest don't. |

Note that Eskom electricity bills were also surveyed.

It is advised that the following minimum information should be reflected on all customer bills:

- 2.1 The emergency contact numbers should be visible on all bills and must also be clearly differentiated from other contact numbers.
- 2.2 The deposit paid by the customer should be reflected on all bills.
- 2.3 All bills should have meter numbers.
- 2.4 The bill should state whether the readings are **estimations** or **actual** readings.
- 2.5 Different tariff component names should be reflected on all bills.
- 2.6 The final/due date for payment must be clearly indicated on all bills.
- 2.7 All bills should have clear consequences for non-payment in line with Section 11 of the Electricity Act of 1987 as amended.
- 2.8 Any free basic electricity initiative should be indicated on all affected domestic/residential bills (the financial amount and the kWh allocated).
- 2.9 Methods of payment and payment venues must be indicated on all bills.

- 2.10 Arrears and written warning should be reflected on all bills notifying the customer about pending electricity cut-off.
- 2.11 All licensed distributors should place information regarding the Energy Efficiency and Demand Side Management (EEDSM) tips and measures at the back of their customers' electricity bills, to assist the customer to reduce their consumption of electricity.

The directive comes into effect on 1 May 2006. Licensees are advised to contact the NER, Customer Services department directly should they need more information.