

APPENDIX A

NERSA REPORT ON THE NATIONAL FREE BASIC ELECTRICITY (NFBE):

- **OFFERING BY MUNICIPALITIES AND ESKOM**
- **IMPLEMENTATION CHALLENGES ENCOUNTERED**
- **PROPOSED MITIGATION**
- **ESKOM COLLECTION RATE**

FOR THE 2015/16 FINANCIAL YEAR.

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1. ABBREVIATIONS

(DCOG)	Department of Cooperative Governance
DoE	Department of Energy
DPE	Department of Public Enterprises
EBSST	Electricity Basic Services Support Tariff
ER	Energy Regulator
FBE	Free Basic Electricity
FBS	Free Basic Services
kWh	Kilowatt hour
NERSA	National Energy Regulator of South Africa
NFBE	National Free Basic Electricity
NT	National Treasury
SALGA	South African Local Government Association

2. INTRODUCTION

Section 152 of the Constitution of the Republic of South Africa, Act 108 of 1996, provides a legal basis for the provision of Free Basic Services (FBS). Government made an announcement in 2001 on the provision of FBS including FBE to poor households. The Department of Energy (DoE) introduced the Electricity Basic Services Support Tariff (EBSST) policy in 2003, which makes provision for 50kWh of electricity to poor households identified by municipalities and connected to the national grid. FBE is provided to households by municipalities and Eskom in those areas where they supply.

The FBE funding is provided to local authorities through Equitable Share allocation as identified by the Department of Cooperative Governance (DCOG). The Local Government Equitable Share are funds which flow from the National Government and are equitably distributed to local authorities to supplement their internally generated revenues and provide basic services to poor households. The rate is adjusted annually using the mechanism which was approved by the National Energy Regulator in May 2011. The mechanism for determining the National FBE rate for compensation of Eskom by local authorities was reviewed and approved by the Energy Regulator in December 2013.

In areas where Eskom is the supplier, FBE is provided on behalf of municipalities by Eskom. In such areas, the municipality enters into an agreement with Eskom who then supply households that are in the Eskom supply areas within the municipal boundaries. The terms and conditions under which the service is provided and paid for are set out in a service level agreement between Eskom and the municipality. Each month, Eskom bills the municipality for the free basic allocations which it provided to customers.

3. NERSA MANDATE

The National Energy Regulator of South Africa (NERSA) is a regulatory authority established as a juristic person in Terms of Section 3 of the National Energy Regulator Act, 2004 (Act No.40 of 2004). NERSA's mandate is to regulate the electricity, piped-gas and petroleum pipelines in terms of the Electricity Regulation Act, 2006(Act No.4 of 2006), Gas Act, 2001(Act No.48 of 2001)and the Petroleum Pipelines Act, 2003(Act No.60 of 2003) and the Petroleum Pipelines Levies Act, 2004 (Act No.28 of 2004) In terms of Section 4(a)(ii) of the Electricity Regulation Act (Act No.4 of 2006) "the Regulator must regulate prices and tariffs."

NERSA does not have the mandate on the implementation of FBE, its mandate only goes far as the determination of the rate at which Eskom can charge the municipalities for supplying FBE on its behalf.

4. BACKGROUND

This report covers the following: findings in the statistical report on the National Free Basic Electricity (NFBE) offering by Municipalities and Eskom as outlined in 5.1. which covers the list of Municipalities that are not implementing FBE as outlined in table 1a, Policy issues on FBE implementation by Eskom and Municipalities, proposed mitigation and progress report table 1b, FBE implementation challenges by Municipalities and proposed mitigation as outlined in table 1c and FBE implementation challenges by Eskom and proposed mitigation as outlined in table 1d. The report also entails the Eskom FBE collection rate per region for the 2014/15 financial year.

5. DISCUSSION

5.1. Findings in the Statistical Report on the National Free Basic Electricity offering by Municipalities (Annexure A)

- a) Out of the 174 municipalities, three were not supplying FBE in the 2013/14 financial year. The progress report on those municipalities are as detailed in the table below.

Annexure A: Table 1a: Progress report on municipalities not supplying FBE

Name of the Municipality	Reason for not supplying	Proposal in the 2014/15 financial year	Progress report in 2015/16 financial year
Ventersdorp	The municipality indicated that there were too many illegal connections in the area.	The municipality indicated that it hopes the situation will improve as soon as the technicians have been appointed. The posts have already been advertised.	The municipality is still not supplying FBE to its indigent customers that falls under municipal area, but five of the Ventersdorp villages is supplied by Eskom and Eskom then provides FBE to these five villages and bills the municipality. It also indicated that while waiting for the appointment of more technicians, the two current electricians will be used to do the disconnections.

			The municipality indicated that from 14 September 2015 there will be a campaign aimed at encouraging the community to register as indigents and the correction of illegally connected electricity will also be addressed.
Mooi Mpofana	The municipality indicated that it is due to financial constraints placed on the municipality as a result of high distribution losses.	The municipality indicated that it has been trying to remedy the situation by having meter audits conducted. The municipality is in the process of implementing FBE for the next financial year (2015/16).	<p>The municipality is still not supplying FBE to its indigent customers.</p> <p>The municipality indicated that the equitable share is currently used for operational purposes. There is a plan for budgeting in the adjustment budget for Free Basic Services as the municipality currently does not provide any free basic services for all services provided by the municipality. The indigent aid process is currently underway to determine who qualifies, as the last list of indigent customers was compiled for the 2012/13 financial year.</p> <p>CoGTA in connection with NT are engaging with the municipality to ensure the smooth implementation of FBE to qualified indigents.</p>
Emadlangeni	The equitable share received from National Treasury does not cater for the FBE portion.	The municipality indicated that it had requested Provincial Treasury to find out from National Treasury why the municipality is not receiving the portion and the municipality is still waiting for a response.	<p>The municipality is still not supplying FBE to its indigent customers.</p> <p>National Treasury indicated that the municipality is receiving FBE portion on Equitable Share, therefore it is currently being used for other municipal services. NT is in the process of investigating why the municipality is not supplying FBE to its indigent customers.</p>

- a) A total of 870 060MWh of FBE was consumed in the 2014/15 financial year; compared to 960 348MWh FBE in the 2013/14 financial year, with Western Cape Province with the highest consumption of 234 262MWh, and Limpopo with the lowest consumption of 33 416MWh.
- b) In the 2014/15 financial year, 171 municipalities supplied FBE to their indigent customers and 1 did not have an indigent register. This shows a decline compared to the 171 municipalities that supplied FBE to their indigent customers, and all had an indigent register in the 2013/14 financial year.
- c) In the 2013/14 financial year, out of 171 municipalities that supplied FBE, 1 supplied 250kWh, 154 supplied 50kWh, 1 supplied 150kWh, 6 supplied 100kWh, 1 supplied 80kWh, 5 supplied 70kWh, 1 supplied 75kWh, 1 supplied 65kWh and 2 supplied 60kWh per month. Compared to the 2014/15 financial year, these statistics remained unchanged.
- d) The average FBE collection rate in Eskom's area of supply has improved from 74% in the 2013/14 financial year to 78% in the 2014/15 financial year, with the western region being the highest at 96% and central region being the lowest at 68%. The municipalities have not done the study for collection rate as yet.

The free basic electricity (FBE) implementation is still a challenge that affects all stakeholders involved. In the 2014/15 financial year, the letters together with the Statistical Report on the National Free Basic Electricity offered by municipalities, implementation challenges encountered, proposed mitigation strategies and Eskom's FBE collection rate for 2013/14 was sent to various Government Ministers [DoE, National Treasury (NT), CoGTA and Public Enterprise (DPE)] and Provincial Members of the Executive Council (MECs) of the same departments, South African Local Government Association (SALGA) and Eskom for information. Below are the report/feedback from all different stakeholders.

The policy issues on implementation of FBE by Eskom and municipalities that needs to be evaluated by National Treasury and DoE, proposed mitigation and progress report are detailed in table 1b below:

Table 1b: Policy issues On FBE implementation to DoE/NT, proposed mitigation and progress report

Challenges	Proposed Mitigation in 2014/15 Financial year	Progress report in 2015/16 financial year
<p>1.The Electricity Basic Services Support Tariff (EBSST) policy was introduced in 2003, which makes provision for 50kWh of electricity to households identified by municipalities and connected to the national grid. This policy has been in place for more than ten years without review</p>	<p>NERSA recommended that the DoE must consider reviewing the policy on the adequacy of 50kWh per month as the basic electricity requirements/needs of poor household are evolving.</p>	<ul style="list-style-type: none"> ○ DOE indicated that FBE policy was released with the intend to ensure basic supply of energy is made available to the poor, the policy states that 50 kwh be provided to the poor as per University of Cape town (UCT) study for basic use like lighting, cooking, TV or radio. ○ Based on inflation rate and the limit in the current provided it is insufficient to better any person's life, as the poor still relay on other sources, like paraffin which has negative impact on their lives. ○ It is also acknowledged that more consultation and study needs to be done in order for the policy to be reviewed and the fact that 50kwh is not enough must also be proven from the very same study.
<p>2.The National FBE policy states that one of the alternative methods of self-targeting which involves households using on average less than a pre-determined amount of electricity (up to 150kWh) per month applying for the FBE allocation in 2003.</p>	<p>The electricity is now more expensive and it makes it difficult for municipalities to identify low income households as indigent, which results in the intended beneficiaries of FBE not benefitting from it. NERSA recommended that DoE in consultation with CoGTA must consider introducing standardised criteria for identification of indigents for the purpose of FBE qualification.</p>	<ul style="list-style-type: none"> ○ DOE indicated that few criteria's were used to identify low income households, as indigent including the self-target approach; however the results were not satisfactory. ○ For the free basic services that the government provide to the target market, all the custodians of that particular source including SALGA and CoGTA must put their head together to come up with the criteria that is inter-linked to all.
<p>3.The national FBE policy states that the FBE portion of the equitable share is not a conditional grant, therefore some municipalities tend to use it for other municipal services, thus undermining a critical policy intervention of National Government.</p>	<p>NERSA recommended that NT should consider converting the FBE portion of the equitable share into a conditional grant in order to ensure its application as intended in the FBE policy.</p>	<p>National Treasury indicated that local government equitable share is an unconditional transfer that supplements the income that municipalities can raise from their own revenue sources available to them.</p> <p>It indicated that conditional grants provide funds to support particular government objectives such as the building of new infrastructure or capacity in the municipality. The provision of FBE is part of the routine and ongoing work of the municipality and not a once off project, therefore it is funded as part of the local government equitable share. It is then the responsibility of municipalities to prioritise spending in their area to provide Free Basic</p>

Challenges	Proposed Mitigation in 2014/15 Financial year	Progress report in 2015/16 financial year
		<p>Services.</p> <p>It also indicated that it encourages municipalities to adhere to government policies in implementing FBS.</p>

Table 1c: Issues on FBE implementation to SALGA/CoGTA, proposed mitigation and progress report

Challenges	Proposes Mitigation in 2014/15 Financial year	Progress report in 2015/16 financial year
<p>1. The current policy states that no free basic electricity allocation is to be made available following disconnection from the electricity or default in payment for other services.</p>	<p>NERSA recommended that SALGA/CoGTA, should advise municipalities to roll out the FBE to the intended beneficiaries regardless of any circumstances as it is funded from national government and not from the municipal budget.</p>	<ul style="list-style-type: none"> ○ Some municipalities indicated that FBE must be given to all beneficiaries regardless of the status of their account. ○ Some further indicated that the disconnection of electricity will occur for various reasons including non-payment of other services as many municipalities employ a consolidated account. The various reasons for disconnection could include theft of electricity and illegal bypass of connection. It is unethical to provide FBE units to a customer that is stealing electricity irrespective of who is paying for such free services. Providing the FBE portion under these circumstances may advocate that one is rewarded even when one is involved in illegal activities. ○ The disconnection of electricity for non-payment of other services was implemented to ensure that a credit control mechanism is in place to effect a successful collection scheme for the municipality. In carrying out the NERSA recommendation, the credit control mechanism of the municipality is undermined and this will lead to a poor recovery rate of outstanding funds. NERSA is urged to holistically asses the problem at hand and provide a holistic solution to keep municipalities sustainable. Providing unilateral recommendations based only on a single point of argument does little to sustain municipalities in the long run. Issue 7 arises in most cases as a result of poor revenue collection mechanisms. ○ The indigent households receive 50kWh of electricity free, regardless of their circumstances. They will thus not be affected detrimentally by arrear accounts on other services.

Challenges	Proposes Mitigation in 2014/15 Financial year	Progress report in 2015/16 financial year
		<ul style="list-style-type: none"> ○ Free basic electricity is funded from the municipal budget. Some municipalities, however, pay free basic electricity even if beneficiaries default in payment for overuse, as well as for other services.
<p>2. The National FBE policy states that FBE does not accumulate if not used within a particular month and cannot be claimed retrospectively.</p>	<p>NERSA recommended that SALGA/CoGTA should advise municipalities to allow FBE to accumulate for a specified period of time (possibly 3 months), otherwise municipalities run the risk of undermining a key redistributive policy of National Government.</p>	<ul style="list-style-type: none"> ○ Opportunities for the collection of FBE is available to the customer and thereby municipalities are not in any way undermining the policy of National Government. ○ The banking of FBE would be ideal, however doing this is often met with system challenges. ○ NERSA is requested to provide reasons why a monthly allocation is not feasible and practical as it seems to be working well in general. Furthermore, NERSA is requested to motivate why a three-month period is considered acceptable and will prevent municipalities from running the risk of undermining a national policy, as opposed to a month or six months. ○ With the introduction of 'online super vendors', it may be possible for FBE tokens to be automatically sent to customers monthly, however this will be dependent on the technology and costs etc. as experienced by each municipality. ○ The prepaid electricity management system does not allow FBE to accumulate for any period of time. It is neither practical, nor affordable to the municipalities. It could also be said that if a household is not collecting the tokens, the premises are probably not occupied. ○ Some municipalities allow the accumulation of free basic electricity. Some allow consumers to claim FBE retrospectively, although this is not encouraged due to the administrative burden and furthermore if customers do not claim FBE in a particular month, it is assumed that they might not be indigent. ○ Some municipalities, even though they agree with the recommendation, also submit that beneficiaries must be encouraged to collect FBE on a monthly basis for ease of

Challenges	Proposes Mitigation in 2014/15 Financial year	Progress report in 2015/16 financial year
<p>3. The current FBE policy states that free units are supplied per stand. At the moment the indigent customers living in complexes and multiple households are not covered, which leads to some of the intended households not benefitting from FBE.</p>	<p>NERSA recommended that SALGA/CoGTA and Municipalities should devise a mechanism to ensure that the intended beneficiaries access FBE, irrespective of whether they live in stand-alone erwen.</p>	<p>administration, especially at year end to avoid accruals.</p> <ul style="list-style-type: none"> ○ The municipalities only give free basic electricity to beneficiaries whose application was approved. While municipalities fully support the allocation of FBE to all deserving customers, in most cases practical implementation challenges do restrict the roll out. The main solution is to allow for multiple meters per property. However policing of eligibility for FBE poses a problem. ○ Furthermore, multiple meters may not necessarily solve the problem in cases where larger family components live in a household. The FBE threshold is allocated per stand and not on the number of deserving customers that live on that stand. This should be reviewed at the next policy review meeting. ○ Many of the Complex type customers are supplied by resellers in many municipalities. The industry is waiting on NERSA for the release of a reseller's framework document that will guide the industry in terms of dealing with these various challenges. ○ Municipal accounts are raised according to the erf number and managing more than one household per erf (or stand) will therefore result in a situation where the erf will have to be treated in line with the accounts of sectional title unit schemes and this is obviously not acceptable in terms of the Municipal Property Rates Act, 2004 (Act No. 6 of 2004). ○ Some municipalities do not supply FBE where indigent households are living in multiple households. The criteria for paying FBE is based on the income of the whole household. ○ Some municipalities do not support the recommendation as a meter would have to be installed in each structure at a huge cost to the municipality. National Government only provides FBE services allocation though equitable share based on households (backyard dwellers are included as part of the household).
<p>4. FBE tokens collection</p>	<p>NERSA recommended that</p>	<ul style="list-style-type: none"> ○ In most, if not all, municipalities, there are

Challenges	Proposes Mitigation in 2014/15 Financial year	Progress report in 2015/16 financial year
<p>is a challenge due to collection sites not being easily accessible to customers in remote and rural areas.</p>	<p>SALGA/CoGTA should advise municipalities to introduce mobile sites and additional vending stations to avoid customers having to travel long distances to collect tokens.</p>	<p>reasonable vending stations that are accessible within the townships as SALGA does not support customers travelling long distances to purchase tokens and would support an initiative to provide more localised stations. It must be noted that there is a limit to the number vending stations that any municipality can implement due to funding and operational constraints.</p> <ul style="list-style-type: none"> ○ Being the regulatory custodians within the country, it is recommended that NERSA provide benchmarks (in line with NRS or similar) on the optimal number of vending stations required based on the number of customers and optimal funding, this benchmark number can then be monitored for each municipality via the regulatory framework. Municipalities can then be monitored from a regulatory perspective for operating/or not within a benchmark. ○ NERSA does not have the mandate on the implementation of FBE – its mandate only goes as far as the determination of the rate at which Eskom can charge the municipalities for supplying FBE on its behalf. ○ With the introduction of ‘online super vendors’, it will be possible for FBE tokens to be purchased via cell phones, including via SMS. While it brings about convenience, there are additional costs involved for such services. This may be a viable solution against the back drop of cell phone technology becoming cheaper and more accessible to all within the country. The cost and security implications of having mobile units cause it to be a non-practical option in some places, especially for smaller municipalities.
<p>5. Some municipalities roll out more than 50kWh per month or use a blanket approach, which results in revenue shortfall within the municipalities, who then apply for higher tariffs to compensate for the shortfall.</p>	<p>NERSA will monitor such municipalities to avoid this situation of rolling out more than 50kWh per month and using a blanket approach which in fact undermines government policy objective.</p>	<ul style="list-style-type: none"> ○ NERSA will continue to monitor such municipalities on an annual basis to ensure that no municipality applies for higher tariffs to compensate for the shortfall. ○ Many municipalities have implemented varying amounts of FBE to cater for the needs of the communities. In some cases, higher amounts of FBE were allocated to counter higher than inflationary increases, to cater for combined households etc. Higher FBE allocations were

Challenges	Proposes Mitigation in 2014/15 Financial year	Progress report in 2015/16 financial year
		<p>provided with the best interest of the people at heart. It would be unfair for NERSA to penalise municipalities due to previous decisions in this regard, however will welcome methods of reducing the FBE allocation where it is above 50kWh per month with due consideration for the social and financial impacts to the people.</p> <ul style="list-style-type: none"> ○ It is agreed that a standard 50kWh threshold be strictly enforced as a national policy. Where municipalities want to provide further free electricity, this must be approved via a regulated process ensuring that the cross subsidy mechanism does not unfairly impact on other customers within the city. ○ Some municipalities offer more than 50kWh per month, but do support the recommendation that a uniform approach be adopted as some municipalities may be able to afford more while others cannot.
<p>6. No responsible person for FBE implementation and issues within most of the Municipalities.</p>	<p>NERSA recommended that SALGA/CoGTA should advise municipalities to assign an individual who will be responsible for FBE related matters in the area.</p>	<ul style="list-style-type: none"> ○ Most of the municipalities indicated that they have a person responsible for FBE, however, there are no forums conducted in the area and this will be reviewed for implementing as this increases the revenue requirement of municipalities. It is therefore accepted and supported that FBE is managed by a dedicated department/person/team to ensure proper operation and functionality. ○ In some municipalities, the Chief Financial Officer (CFO) is responsible for FBE. It is suggested that FBE be a competency of a function in the municipality and not an individual.
<p>7. Late payments to Eskom for rolling out FBE on behalf of the municipalities is a challenge. This results in high interest charges.</p>	<p>NERSA recommended that SALGA/CoGTA should advise municipalities to ensure that Eskom is paid on time to avoid unnecessary interest, as it has a negative effect on their financials.</p>	<ul style="list-style-type: none"> ○ Municipalities make payments on time and they support the recommendation provided that Eskom should render accounts timeously.

Table 1d: Issues on FBE implementation to Eskom, proposed mitigation and progress report

Challenges	Proposed Mitigation in 2014/15 Financial year	Progress report in 2015/16 financial year
<p>1. Insufficient communication is a challenge within all government departments and municipalities; and this often leads to communities being unaware of the availability of FBE.</p>	<ul style="list-style-type: none"> ○ NERSA recommends that Eskom should ensure that awareness campaigns are rolled out provincially and nationally to educate communities on the availability of FBE. ○ NERSA recommends that Eskom should engage with municipalities on FBE awareness campaigns by attending municipalities' Imbizos and forums. 	<ul style="list-style-type: none"> ○ Eskom indicated that it is in the process of persuading government officials via stakeholder forums and relentless efforts to proactively solicit support from relevant government stakeholders to educate communities on the availability of FBE. ○ Eskom indicated that it has already started an internal initiative to improve efficiencies and a way of dispensing FBE (e.g. data clean-up exercises, deployment of more vending outlets in rural or remote areas). It also conducted two customer awareness campaigns with regard to FBE qualifying criteria and collection options.
<p>2. A lack of understanding between Eskom and the municipalities leads to Eskom's contracts/agreements (under which the service is provided and paid and which are set for supplying FBE on behalf of municipalities) not being signed on time because of the various challenges within the municipalities.</p>	<p>NERSA recommends that Eskom, municipalities and CoGTA should engage to discuss the FBE contract earlier (six months), prior to the contract expiring. This will help municipalities to understand the 'terms and conditions' of the contract to avoid delays in the signing of contracts as this leads to intended customers not receiving their FBE portion, undermining the key redistributive policy of National Government.</p>	<p>Eskom indicated that it is in the process of ensuring that there is an improved municipal payment level and reduced debtor days for FBE claims or accounts as this has a huge impact on municipal finances.</p>

Table 1e: Issues on FBE implementation to DPE, proposed mitigation and progress report

Challenges	Proposed Mitigation in 2014/15 Financial year	Progress report in 2015/16 financial year
<p>1. Insufficient communication is a challenge within all government departments and municipalities and this often leads to communities being unaware of the availability of FBE.</p>	<ul style="list-style-type: none"> ○ NERSA recommended that DPE should advise Eskom to conduct awareness campaigns provincially and nationally to educate communities on the availability of FBE. ○ NERSA recommended that DPE should advise Eskom to engage with municipalities on FBE awareness campaigns by attending municipalities' Imbizos and forums. 	<ul style="list-style-type: none"> ○ DPE indicated that FBE is a National Government initiative that is implemented in terms of the FBE policy, which was gazetted to facilitate the implementation of FBE services by municipalities as the designated service authorities. It indicated that CoGTA, as the national representative of municipalities, is the appropriate organ to champion the implementation of FBE, including resolving challenges raised in the implementation report such as education, awareness and funding. ○ It also indicated that Eskom, as one of the role players in the provision of FBE, can form part of a multi-stakeholder task team, comprising officials from NERSA, National Treasury, SALGA, the Association of Municipal Electricity Utilities (AMEU), CoGTA and the DoE.
<p>2. A lack of understanding between Eskom and the municipalities leads to Eskom's contracts/agreements (under which the service is provided and paid and which are set for supplying FBE on behalf of municipalities) not being signed on time because of the various challenges within the municipalities.</p>	<p>NERSA recommended that Eskom, municipalities and CoGTA should engage to discuss the FBE contract earlier (six months), prior to the contract expiring. This will help municipalities to understand the 'terms and conditions' of the contract to avoid delays in the signing of contracts as this leads to intended customers not receiving their FBE portion and it is undermining key redistributive policy of National Government.</p>	<p>The DPE indicated that a letter was sent to CoGTA requesting them to resolve the matter on the lack of understanding between municipalities and Eskom that leads to the agreements between the parties for the service rendered and paid for by Eskom for supplying FBE on behalf of the municipalities not being signed on time.</p>

6. Statistical report on the National Free Basic Electricity (NFBE) offering by Municipalities and Eskom.

6.1. Eastern cape							
		FBE provision (Yes/No)	No of FBE Units (kWh) Monthly	FBE Indigent Register (Yes/No)	No of customers receiving FBE	kWh Consumed Annual	
Name of Municipality	Licence number	2014/15					
Amahlathi	NER/D/EC124	Yes	50	Yes	4 877	2 926 200	
Baviaans	NER/D/EC107	Yes	50	Yes	2 467	1 480 200	
Blue Crane Route	NER/D/EC102	Yes	50	Yes	3 977	2 386 200	
Buffalo City	NER/D/EC125	Yes	50	Yes	39 627	23 776 200	
Camdeboo	NER/D/EC101	Yes	50	Yes	3 173	1 903 800	
Elundini	NER/D/EC141	Yes	50	Yes	5 022	3 013 200	
Emalahleni-EC	NER/D/EC136	Yes	50	Yes	3 259	1 955 400	
Gariep	NER/D/EC144	Yes	50	Yes	247	148 200	
Great Kei	NER/D/EC123	Yes	50	Yes	3	1 800	
Ikwezi	NER/D/EC103	Yes	50	Yes	734	440 400	
Inkwanca	NER/D/EC133	Yes	50	Yes	1 613	967 800	
Inxuba Yethemba	NER/D/EC131	Yes	50	Yes	9 360	5 616 000	
King Sabata Dalindyebo	NER/D/EC157	Yes	50	Yes	1 525	915 000	
Kouga	NER/D/EC108	Yes	50	Yes	7 504	4 502 400	
Kou-Kamma	NER/D/EC109	Yes	50	Yes	2 345	1 407 000	
Lukhanji	NER/D/EC134	Yes	50	Yes	10 288	6 172 800	
Makana	NER/D/EC104	Yes	50	Yes	6 462	3 877 200	
Maletswai	NER/D/EC143	Yes	50	Yes	4 901	2 940 600	
Mbizana	NER/D/EC151	Yes	50	Yes	213	127 800	
Ndlambe	NER/D/EC105	Yes	50	Yes	1 087	652 200	
Nelson Mandela	NER/D/Nmandela	Yes	50	Yes	66 609	39 965 400	
Nkonkobe	NER/D/EC127	Yes	50	Yes	14 877	8 926 200	
Nxuba	NER/D/EC128	Yes	50	Yes	2 655	1 593 000	
Sakhisizwe	NER/D/EC138	Yes	50	Yes	4 299	2 579 400	
Senqu	NER/D/EC142	Yes	50	Yes	12 497	7 498 200	
Sunday's River Valley	NER/D/EC106	Yes	50	Yes	3 200	1 920 000	
Tsolwana	NER/D/EC132	Yes	50	Yes	6 796	4 077 600	
Total					219 617	131 770 200	

6.2. Free state							
		FBE Provision (Yes/No)	No of FBE Units (kWh) Monthly	FBE Indigent Register (Yes/No)	No of customers receiving FBE	kWh Consumed Annual	
Name of Municipality	Licence number	2014/15					
CENTLEC Licence	NER/D/FS172	Yes	50	Yes	19397	11 638 200	
Dihlabeng	NER/D/FS192	Yes	50	Yes	4295	2 577 000	
Letsemeng	NER/D/FS161	Yes	50	Yes	2647	1 588 200	
Mafube	NER/D/FS205	Yes	50	Yes	2336	1 401 600	
Maluti a Phofung	NER/D/FS194	Yes	50	Yes	5038	3 022 800	
Mantsopa	NER/D/FS173	Yes	50	Yes	3100	1 860 000	
Masilonyana	NER/D/FS181	Yes	50	Yes	4568	2 740 800	
Matjhabeng	NER/D/FS184	Yes	50	Yes	19039	11 423 400	
Metsimaholo	NER/D/FS204	Yes	50	Yes	8626	5 175 600	
Moqhaka	NER/D/FS201	Yes	50	Yes	6668	4 000 800	
Nala	NER/D/FS185	Yes	50	Yes	8026	4 815 600	
Ngwathe	NER/D/FS203	Yes	50	Yes	9231	5 538 600	
Nketoana	NER/D/FS193	Yes	50	Yes	5925	3 555 000	
Phumelela	NER/D/FS195	Eskom supplies on behalf of the munic	50	Yes	3012	1 807 200	
Setsoto	NER/D/FS191	Yes	50	Yes	5817	3 490 200	
Tokologo	NER/D/FS182	Yes	50	Yes	1589	953 400	
Tswelopele	NER/D/FS183	Yes	50	Yes	4683	2 809 800	
Total					113 997	68 398 200	

6.3. Gauteng						
		FBE provision (Yes/No)	No of FBE Units (kWh) Monthly	FBE Indigent Register (Yes/No)	No of customers receiving FBE	kWh Consumed Annual
Name of Municipality	Licence number	2014/15				
City Power	NER/D/JHB	Yes	150	Yes	4 211	7 579 800
Ekurhuleni	NER/D/RHULENI	Yes	100	Yes	103 673	124 407 600
Lesedi	NER/D/GT423	Yes	50	Yes	4 337	2 602 200
Emfuleni	NER/D/GT421	Yes	50	Yes	3 435	2 061 000
Merafong City	NER/D/CBLC8	Yes	50	Yes	6 712	4 027 200
Mdvaal	NER/D/GT422	Yes	50	Yes	531	318 600
Mogale City	NER/D/GT411	Yes	50	Yes	13 109	7 865 400
Randfontein	NER/D/GT412	Yes	100/50	Yes	7200/21800	21 720 000
Westonaria	NER/D/GT414	Yes	50	Yes	3 559	2 135 400
City of Tshwane	NER/D/PRETORIA	Yes	100	Yes	41 204	49 444 800
Total					180 771	222 162 000

6.4. Kwazulu Natal						
		FBE provision (Yes/No)	No of FBE Units (kWh) Monthly	FBE Indigent Register (Yes/No)	No of customers receiving FBE	kWh Consumed Annual
Name of Municipality	Licence number	2014/15				
Abaqulusi	NER/D/KZ263	Yes	50	Yes	2 317	1 390 200
eDumbe	NER/D/KZ261	Yes	50	Yes	850	510 000
Emnambithi	NER/D/KZ232	No	0	No	0	-
Endumeni	NER/D/KZ241	Yes	50	Yes	1206	723 600
eThekweni	NER/D/DURBAN	Yes	50/65	Yes	2000/104000	7 440 000
Greater Kokstad	NER/D/KZ5a4	Yes	50	Yes	3389	2 033 400
Hibiscus Coast	NER/D/KZ216	Yes	50	yes	1857	1 114 200
KwaDukuza	NER/D/KZ292	Yes	75/250	Yes	14520/98	13 362 000
Mooi Mpofana	NER/D/KZ223	No	0	No	0	-
Msunduzi	NER/D/KZ225	Yes	70	Yes	2368	1 989 120
Mthonjaneni	NER/D/KZ285	Yes	50	Yes	194	116 400
Ndondakusuka	NER/D/KZ291	Yes	50	Yes	1025	615 000
Newcastle	NER/D/KZ252	Yes	50	Yes	5115	3 069 000
Nquthu	NER/D/KZ242	Yes	50	Yes	1038	622 800
Nkandla	NER/D/KZ	Yes	50	Yes	1257	754 200
Ulundi	NER/D/KZ266	Yes	50	Yes	242	145 200
uMhlatuze	NER/D/KZ282	Yes	50	Yes	530	318 000
uMkhanyakude	NER/D/KZ284	Local Municipality supplies on behalf of the munic	Local Municipality supplies on behalf of the munic	Local Municipality supplies on behalf of the munic	Local Municipality supplies on behalf of the munic	Local Municipality supplies on behalf of the munic
Umlalazi	NER/D/KZ222	Yes	50	Yes	820	492 000
UMngeni	NER/D/KZ234	Yes	100	yes	2 931	3 517 200
Umtshezi	NER/D/KZ245	Yes	50	Yes	462	277 200
Umvoti	NER/D/KZ262	Yes	50	Yes	416	249 600
UPhongolo	NER/D/KZ286	Eskom supplies on behalf of the munic				
UMuziwabantu	NER/D/KZ214	Yes	50	Yes	5683	3 409 800
Total					32 957	42 148 920

6.5. Limpopo						
		FBE provision (Yes/No)	No of FBE Units (kWh) Monthly	FBE Indigent Register (Yes/No)	No of customers receiving FBE	kWh Consumed Annual
Name of Municipality	Licence number	2014/15				
Ba-Phalaborwa	NER/D/NP334	yes	50	Yes	3499	2 099 400
Bela Bela	NER/D/NP366	yes	100	Yes	2768	3 321 600
Blouberg	NER/D/NP351	yes	50	Yes	2772	1 663 200
Elias Motsoaedi	NER/D/CBLC4	Yes	50	Yes	468	280 800
Greater Letaba	NER/D/NP332	Yes	50	Yes	164	98 400
Ephraim Mogale)	NER/D/CBLC3	Yes	50	Yes	25	15 000
Greater Tzaneen	NER/D/NP333	Yes	50	Yes	5556	3 333 600
Lephalale	NER/D/NP362	Yes	50	Yes	1470	882 000
Makhado	NER/D/NP344	Yes	50	Yes	2435	1 461 000
Modimolle	NER/D/NP365	Yes	50	Yes	3400	2 040 000
Mogalakwena	NER/D/NP367	Yes	50	Yes	652	391 200
Molemole	NER/D/NP353	Yes	50	Yes	653	391 800
Mookgophong	NER/D/NP364	Yes	50	Yes	40	24 000
Musina	NER/D/NP341	Yes	55	Yes	3088	2 038 080
Polokwane	NER/D/NP354	Yes	50	Yes	25000	15 000 000
Thabazimbi	NER/D/NP361	Yes	50	Yes	627	376 200
Total					52 617	33 416 280

6.7. Northern cape						
		FBE Provision (Yes/No)	No of FBE Units (kWh) Monthly	FBE Indigent Register (Yes/No)	No of customers receiving FBE	kWh Consumed Annual
Name of Municipality	Licence number	2014/15				
Ga-Segonyana	NER/D/CBLC1	Yes	50	Yes	5053	3 031 800
Khâi-Ma	NER/D/NC067	Yes	50	Yes	1344	806 400
Khara Hais	NER/D/NC083	Yes	50	Yes	4995	2 997 000
Dikgatong	NER/D/NC092	Yes	50	Yes	3996	2 397 600
Emthanjeni	NER/D/NC073	Yes	50	Yes	2989	1 793 400
Gamagara	NER/D/NC01b1	Yes	50	Yes	843	505 800
Hantam	NER/D/NC065	Yes	50	Yes	2400	1 440 000
Kaif Garib	NER/D/NC082	Yes	50	Yes	3004	1 802 400
Kamiesberg	NER/D/NC064	Yes	50	Yes	1341	804 600
Kareeberg	NER/D/NC074	Yes	50	Yes	1124	674 400
Karoo Hoogland	NER/D/NC066	Yes	50	Yes	411	246 600
Kgatelopele	NER/D/NC086	Yes	50	Yes	1272	763 200
Magareng	NER/D/NC093	Yes	50	Yes	2336	1 401 600
Nama Khoi	NER/D/NC062	Yes	50	Yes	3491	2 094 600
Renosterberg	NER/D/NC075	Yes	50	Yes	845	507 000
Phokwane	NER/D/CBLC7	Yes	50	Yes	2880	1 728 000
Richtersveld	NER/D/NC061	Yes	50	Yes	478	286 800
Siyancuma	NER/D/NC078	Yes	50	Yes	2745	1 647 000
Siyathemba	NER/D/NC077	Yes	50	Yes	2655	1 593 000
Sol Plaatjie	NER/D/NC091	Yes	50	Yes	13395	8 037 000
Thembelihle	NER/D/NC076	Yes	50	Yes	989	593 400
Tsantsabane	NER/D/NC085	Yes	50	Yes	2496	1 497 600
Ubuntu	NER/D/NC071	Yes	50	Yes	1745	1 047 000
Umsobomwu	NER/D/NC072	Yes	50	Yes	2325	1 395 000
Total					65 152	39 091 200

6.8. North West						
		FBE provision (Yes/No)	No of FBE Units (kWh) Monthly	FBE Indigent Register (Yes/No)	No of customers receiving FBE	kWh Consumed Annual
Name of Municipality	Licence number	2014/15				
City of Matlosana	NER/D/NW403	Yes	50	Yes	27 888	16 732 800
Ditsobotla	NER/D/NW384	Yes	50	Yes	6 823	4 093 800
Greater Taung	NER/D/NW394	Yes	50	Yes	9	5 400
KgetlengRivier	NER/D/NW374	Yes	50	Yes	50	30 000
Lekwa-Teemane	NER/D/NW396	Yes	50	Yes	3 031	1 818 600
Madibeng	NER/D/NW372	Yes	50	Yes	3 752	2 251 200
Mamusa	NER/D/NW393	Yes	50	Yes	2 440	1 464 000
Maquassi Hills	NER/D/NW404	Yes	50	Yes	453	271 800
Naledi	NER/D/NW392	Yes	50	Yes	3 203	1 921 800
Ramotshere Moiloa	NER/D/NW385	Yes	50	Yes	6 154	3 692 400
Rustenburg	NER/D/NW373	Yes	50	Yes	2 819	1 691 400
Tlokwe	NER/D/NW402	Yes	80	yes	11867	11 392 320
Tswaing	NER/D/NW382	Yes	50	No	1483	889 800
Ventersdorp	NER/D/NW401	No	-	Yes	-	-
Total					69 972	46 255 320

6.9. Western cape						
		FBE Provision (Yes/No)	No of FBE Units (kWh) Monthly	FBE Indigent Register (Yes/No)	No of customers receiving FBE	kWh Consumed Annual
Name of Municipality	Licence number	2014/15				
Beaufort West	NER/D/WC053	Yes	50	Yes	5261	3 156 600
Bergrivier	NER/D/WC013	Yes	50	Yes	1372	823 200
Bitou	NER/D/WC047	Yes	50	Yes	6502	3 901 200
Breedee Valley	NER/D/WC025	Yes	50	Yes	10049	6 029 400
Cape Agulhas	NER/D/WC033	Yes	50	Yes	3429	2 057 400
Cederberg	NER/D/WC012	Yes	50	Yes	2139	1 283 400
City of Cape Town	NER/D/CPT	Yes	60	Yes	180003	129 602 160
Drakenstein	NER/D/WC023	Yes	100	Yes	15186	18 223 200
George	NER/D/WC044	Yes	70	Yes	16500	13 860 000
Hessequa	NER/D/WC042	Yes	50	Yes	4968	2 980 800
Kannaland	NER/D/WC041	Yes	50	Yes	1880	1 128 000
Knysna	NER/D/WC048	Yes	50	Yes	8019	4 811 400
Langeberg	NER/D/WC051	Yes	50	Yes	7495	4 497 000
Laingsburg	NER/D/WC051	Yes	50	Yes	221	132 600
Matzikama	NER/D/WC011	Yes	50	Yes	2281	1 368 600
Mossel Bay	NER/D/WC043	Yes	50	Yes	30678	18 406 800
Oudtshoorn	NER/D/WC045	Yes	70	Yes	5343	4 488 120
Overstrand	NER/D/WC032	Yes	50	Yes	4498	2 698 800
Prince Albert	NER/D/WC052	Yes	50	Yes	617	370 200
Saldanha Bay	NER/D/WC014	Yes	50	Yes	6656	3 993 600
Stellenbosch	NER/D/WC024	Yes	60	Yes	3897	2 805 840
Swartland	NER/D/WC015	Yes	50	Yes	5461	3 276 600
Swellendam	NER/D/WC034	Yes	50	Yes	2018	1 210 800
Theewaterskloof	NER/D/WC031	Yes	70	Yes	1750	1 470 000
Witzenberg	NER/D/WC022	Yes	50	Yes	2811	1 686 600
Total					329 034	234 262 320

7. Eskom FBE collection rate for 2014/15 financial year

- Table below illustrates Eskom FBE collection rate for the 2014/15 financial year per region. Column two, indicates the number of customers qualifying to receive FBE monthly. The third column illustrates the total number of customers that have collected FBE. The last column shows the collection rate of the configured customers which is at 78% on average. That means, out of the 14 032 103 configured customers, only 10 962 638 collected FBE tokens in 2014/15 financial year.

ESKOM FBE COLLECTION RATE PER REGION			
Regions for FBE Collection	No of FBE Configured customers in 2014/15	No of FBE customers collected FBE in 2014/15	Collection Rate
Eastern	1 262 452	947 363	75%
Western	1 869 162	1 798 674	96%
Central	1 069 526	728 352	68%
North West	4 485 735	3 154 161	70%
Northern	3 580 505	2 947 099	82%
Southern	1 764 723	1 386 989	79%
Total	14 032 103	10 962 638	78%

The End