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OBJECT to Eskom MYPD 6 - Amend for All-In FREE Residential / Household LC Electricity

**Honourable majority Good Citizens, Regulators, Government, Media & Business Leaders**

In State majority best interests, please Rule and Enact All-IN 100% FREE Electricity ( Citizens 1<sup>st</sup> always-ON from at >Least Cost produced to Used ) for Residential Households ONLY, including for SOHO/SE, public lights and Emergency Care, in-line choked for fair equal use i.e. 5KWh/25A. Ban Provision FEES. Developers paid/pay Bulk for Infrastructures. Rates pay its proper Upkeep.

>Least Cost (LC) = Nuclear/Hydro @10-20c/KWh Coal @50c/KWh. (~~IPP's @R2, OCGT@ R3-6 per KWh.~~)  
**Ref Table 1+2 attached:** (Note: Rands per 1MWh, divided by 1000 = cents per 1KWh / 1 Unit Electricity)

\* NOTE: Stats SA est. 14,5m Households in RSA connected to Electricity Grid.

Eskom Customers - \*7m Residential vs 131k Big User Splits. ( 2023 )

Residential - 98% \*7m Customer Accounts, 5% of GWh Used, 6,8% of Invoiced Income.

Agriculture - 1% 75k Customer Accounts, 2,5% of GWh Used, 4,4% of Invoiced Income.

Big Users - 1% 56k Customer Accounts, 92,5% of GWh Used, 88,8% of Invoiced Income.

Residents/Households in Agri - Usage also FREE, pre-choked fair use. As metered refundable.

**Ref Table 3 attached:** 5yrs Customers Info + Notes. in Eskom 2023 AFS – Integrated Report. Ref Pg.169.

Municipal & Distributors Split likely similar - \*7m Residential vs Big Users. (Ditto Water Use, etc).

**Offset FREE Residential Electricity by ONCE-OFF 7,5%Tariff Increase on Big Users.**

From –99% less Right-Sized Eskom + Distributors, State + Coffer gains many R Billions, yearly.

Quick easy SOLUTION THAT KEEP ON GIVING many R Billions Monthly and Yearly, Forever.

Thank you for ruling and doing what is right.

Kind regards

Pieter Fourie - West Rand

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**Table 1** FY 2020+21 Note: Rands per 1MWh, divided by 1000 = cents per 1KWh / 1 Unit Electricity.

FINANCIAL PERFORMANCE					Eskom
Primary energy analysis					
		COST	PRODUCTION	UNIT COST	
BASE-LOAD	COAL <sup>1</sup>	R39 929 million (See 2020: R36 227 million)	99 658GWh (See 2020: 94 047GWh)	R401/MWh (See 2020: R385/MWh)	4% ▲
	NUCLEAR	R616 million (See 2020: R461 million)	6 205GWh (See 2020: 4 374GWh)	R99/MWh (See 2020: R105/MWh)	6% ▼
DIESEL	ESKOM OCGTs <sup>2</sup>	R2 464 million (See 2020: R1 391 million)	772GWh (See 2020: 496GWh)	R3 118/MWh (See 2020: R2 722/MWh)	15% ▲
	IPP OCGTs <sup>3</sup>	R2 102 million (See 2020: R1 259 million)	463GWh (See 2020: 291 GWh)	R4 107/MWh (See 2020: R3 648/MWh)	13% ▲
	RENEWABLE IPPs	R14 205 million (See 2020: R12 456 million)	6 998GWh (See 2020: 5 551GWh)	R2 030/MWh (See 2020: R2 244/MWh)	10% ▼
	IMPORTS	R2 450 million (See 2020: R2 524 million)	4 061GWh (See 2020: 4 474GWh)	R603/MWh (See 2020: R564/MWh)	7% ▲
<b>TOTAL</b>		<b>R61 766 million</b> (See 2020: R54 318 million)	<b>118 157GWh</b> (See 2020: 109 233GWh)	<b>R523/MWh</b> (See 2020: R497/MWh)	<b>5% ▲</b>

▼ Unit cost declined ▲ Unit cost increased

1. Excluding Phedus and Kusile on-commissioning production of 371GWh (See 2020: 1 845GWh) for units synchronized to the grid, but not yet commissioned  
2. OCGT unit cost is calculated on fuel and start-up cost, and excludes storage and demurrage charges. Storage and demurrage of R50 million (See 2020: R41 million) is included in the total cost shown  
3. The IPP OCGT unit cost is calculated on fuel cost (variable cost) only, and excludes maintenance and capacitor charges. Maintenance of R302 million (See 2020: R196 million) is included in the total cost shown

- Controllable costs such as coal-fired and nuclear production contained below inflation
- Average coal purchase price is down (0.7% ▼), which will help further control future coal generation costs
- Improved availability of nuclear plant led to increased production
- Diesel production sources account for 7.4% of total cost but only 1% of total GWh produced; it is unsustainable to continue to rely on diesel
- Average diesel purchase price increased (21.3% ▲) to R14.41/ℓ (Sep 2020: R11.88/ℓ), driving around 20% of diesel cost increase
- Total energy produced (excluding pre-comm production) increased by 8.9TWh (8.2% ▲) to meet higher electricity demand
- Total primary energy costs increased (13.7% ▲) due to increased use of more expensive OCGT and IPP sources to alleviate supply constraints experienced during the period, and to avoid or minimise loadshedding

**Table 2** FY 2022+23 Note: Rands per 1MWh, divided by 1000 = cents per 1KWh / 1 Unit Electricity

FINANCIAL PERFORMANCE					Eskom
Despite favourable diesel prices, primary energy costs increased by 10% due to reliance on expensive Eskom and IPP OCGTs to alleviate supply constraints					
		COST	PRODUCTION	UNIT COST	
BASE-LOAD	COAL & OTHER	R45 306 million (See 2022: R42 915 million)	87 724GWh (See 2022: 95 395GWh)	R516/MWh (See 2022: R460/MWh)	15% ▲
	NUCLEAR	R396 million (See 2022: R482 million)	3 918GWh (See 2022: 4 445GWh)	R101/MWh (See 2022: R108/MWh)	7% ▼
DIESEL	ESKOM OCGTs	R12 459 million (See 2022: R11 160 million)	1 980GWh (See 2022: 1 609GWh)	R6 269/MWh (See 2022: R6 906/MWh)	9% ▼
	IPP OCGTs	R5 545 million (See 2022: R4 643 million)	872GWh (See 2022: 494GWh)	R6 093/MWh (See 2022: R8 428/MWh)	28% ▼
	RENEWABLE IPPs	R16 989 million (See 2022: R15 205 million)	8 548GWh (See 2022: 7 722GWh)	R1 988/MWh (See 2022: R1 968/MWh)	1% ▲
	OTHER IPPs	R413 million (See 2022: Nil)	318GWh (See 2022: Nil)	R1 300/MWh (See 2022: Nil)	n/a
IMPORTS	R3 981 million (See 2022: R2 856 million)	4 649GWh (See 2022: 4 394GWh)	R856/MWh (See 2022: R650/MWh)	32% ▲	
<b>TOTAL</b>		<b>R85 089 million</b> (See 2022: R77 261 million)	<b>108 009GWh</b> (See 2022: 114 059GWh)	<b>R788/MWh</b> (See 2022: R677/MWh)	<b>16% ▲</b>

Legend: ▼ Unit cost declined ▲ Unit cost increased

- Total energy produced decreased by 6.1TWh (5% ▼) due to supply constraints
- Coal plant impacted by frequent breakdowns, requiring fuel oil for unit start-up and combustion support, as well as inflationary cost pressures
- Average coal purchase price increased by 10.2%, linked to mine input costs, which were affected by fuel costs and weakening of the Rand
- Nuclear output down due to long-term outage
- Diesel production sources account for 21% of total cost but only 3% of total production; use of diesel is necessary but unsustainable
- Other IPP programmes include the Standard Offer Programme, where Eskom offers a price to purchase from self-generation customers, and the Emergency Generation Programme, where suppliers offer a price to Eskom. Only 100MW and 60MW capacity operational by 30 Sep 2023
- Delays in these programmes and the RMIPPPP led to higher OCGT usage than planned

**Table 3** 5yrs Eskom Customers Info + Notes. Pg.169 in Eskom 2023 Audited AFS – Integrated

## Customer information

Category	2023	2022	2021	2020	2019
<b>Number of Eskom customers</b>					
Distributors	799	799	804	805	800
Residential <sup>1</sup>	6 944 488	6 833 928	6 720 150	6 577 905	6 358 523
Commercial	50 846	52 736	52 880	52 909	52 556
Industrial	2 560	2 601	2 649	2 684	2 705
Mining	906	926	945	961	981
Agricultural	74 608	77 692	79 115	80 451	81 303
Rail	454	471	475	475	493
International	11	11	11	11	11
	<b>7 074 672</b>	<b>6 969 164</b>	<b>6 857 029</b>	<b>6 716 201</b>	<b>6 497 372</b>
<b>Electricity sales per customer category, GWh</b>					
Distributors	79 480	83 831	82 354	85 898	87 168
Residential <sup>1</sup>	9 177	10 520	10 949	11 293	11 748
Commercial	9 376	9 872	9 696	10 486	10 558
Industrial <sup>2</sup>	44 635	45 220	40 973	45 696	48 785
Mining	27 843	28 030	26 991	28 703	28 972
Agricultural	4 785	5 382	5 461	5 770	5 796
Rail	1 668	2 128	1 931	2 600	2 831
International	11 437	13 298	13 497	15 189	12 461
	<b>188 401</b>	<b>198 281</b>	<b>191 852</b>	<b>205 635</b>	<b>208 319</b>
<b>International sales to countries in southern Africa, GWh</b>	<b>11 437</b>	<b>13 298</b>	<b>13 497</b>	<b>15 189</b>	<b>12 461</b>
Botswana	370	851	785	1 261	247
Eswatini	609	713	677	1 011	766
Lesotho	416	341	324	426	292
Mozambique	8 228	8 215	8 263	8 358	8 339
Namibia	622	1 653	1 493	2 013	1 518
Zambia	25	6	78	238	258
Zimbabwe	1 152	1 456	1 791	1 245	456
Short-term energy market <sup>3</sup>	15	63	86	637	585
<b>Electricity revenue per customer category, R million</b>					
Distributors	111 414	105 369	90 228	85 656	77 231
Residential <sup>1</sup>	18 052	18 680	16 924	16 069	14 771
Commercial	17 622	16 723	14 304	14 067	12 385
Industrial <sup>2</sup>	53 269	48 204	37 026	37 946	36 168
Mining	39 958	36 630	30 708	29 968	26 550
Agricultural	11 660	11 600	10 262	9 839	8 682
Rail	3 374	3 477	2 977	3 323	3 119
International	10 699	11 450	10 383	12 229	8 241
<b>Gross electricity revenue</b>	<b>266 048</b>	<b>252 133</b>	<b>212 812</b>	<b>209 097</b>	<b>187 147</b>
Less: Revenue capitalised <sup>4</sup>	-	-	(3 991)	(5 683)	(3 393)
Less: Revenue not recognised <sup>5</sup>	(15 774)	(14 215)	(12 112)	(10 190)	(8 914)
Add: Recognised on the cash basis <sup>6</sup>	7 563	6 543	5 935	4 083	2 472
<b>Electricity revenue less capitalised revenue per note 31 in the annual financial statements</b>	<b>257 837</b>	<b>244 461</b>	<b>202 644</b>	<b>197 307</b>	<b>177 312</b>

- Prepaid electricity and public lighting are included under the residential category.
- IPP network consumption is included under the industrial category.
- The short-term energy market consists of all the utilities in the southern African countries that form part of the Southern African Power Pool. Energy is traded on a daily, weekly and monthly basis as there is no long-term bilateral contract.
- From 1 April 2022, revenue from the sale of production, while testing generating plant not yet commissioned, is no longer capitalised to the plant and instead recognised as revenue in the income statement. The figure for 2022 has been restated (previously R1 074 million capitalised, now recognised as revenue).
- The principle of only recognising revenue if it is deemed collectable at the date of sale, as opposed to recognising the revenue and then impairing the customer debt when conditions change, has been applied since 2015. External revenue of R1 5774 million was thus not recognised at 31 March 2023.
- Under IFRS 15, certain supplies to distributors were recognised on the cash basis, due to uncertainty around collectability at the time of sale.