



NDLAMBE MUNICIPALITY: NEW ELECTRICITY TARIFFS

In November 2022 various businesses in Nelson Mandela Metro took the National Energy Regulator of South Africa (NERSA) to court. The case stated that NERSA's benchmark method of tariff regulation was illegal and that a cost of supply approach should be followed. This is in terms of the EPP (Electricity Pricing Policy) of South African which requires that a cost of supply study need to be completed by every municipality at least once every 5 years.

The Court ruled in favour of the plaintiffs and ordered NERSA to evaluate the 2024/2025 tariffs based on cost of supply studies.

In view of this outcome Ndlambe was one of the Municipalities who appointed a service provider to complete a comprehensive cost of supply and tariff study. The study was completed early in 2024 and the proposed tariffs was submitted as part of the budget public participation process and was approved by Council.

Another court case took place when Afriforum took NERSA to court. In stead of NERSA applying the cost of supply approach as required by the previous court ruling, they issued the so-called Revenue Requirement templet which they intended to use to approve annual prices increases. Afriforum claimed that this templet did not comply with the required cost of supply approach.

Once again, the court ruled in favour of the plaintiff. The court ruled that the tariff increase applications may only be approved in cases where a cost of supply was submitted. That meant that less than 70 municipalities would be allowed to apply price increases for 2024/2025. Luckily Ndlambe municipality completed its cost of supply study and thus NERSA approved its proposed tariffs. NERSA has subsequently appealed the court ruling.

The proposed tariffs for the Ndlambe Municipality as from 1 July 2024 are thus as follows:

- The average electricity price increase of 13% will be applied.
- Various electricity tariff structure changes will be applied a summarised below:

Small consumer tariffs.

- Small (less than 3 x 100 Amps) domestic and commercial tariffs will be linked to the capacity limit of the supply:
 - Indigent consumers will be limited to 20 Amps single phase. It is the current tariff with average increase and the first block price increase to the same as the second block price. They still receive the 50 kWh/m for free.
 - A 20 Amp single phase tariff is available for poorer low consumption consumers, but not indigent. It does not contain any fixed charges contain the current energy charge with average increase and the first block price increase to the same as the second block price.
 - Consumers with capacity exceeding 20 Amp single phase will be charged:
 - A basic charge, a capacity charge based on the capacity limit and an energy charge.
 - Due to the late approval by NERSA, the municipality will place all consumers on an appropriate capacity based on each consumer's historic consumption as follows:
 - < 400 kWh/m – 20 Amp single phase
 - ≥ 400, <600 kWh/m – 30 Amp single phase
 - ≥ 600, <800 kWh/m – 40 Amp single phase
 - ≥ 800, <1000 kWh/m – 50 Amp single phase
 - ≥ 1000, <1200 kWh/m – 60 Amp single phase
 - ≥ 1200 – Extra 200 kWh/m add 10 Amp per phase

Consumers who would like to select a different capacity to that proposed need to apply to the municipality by 31 July 2024. The July 2024 Municipal bill will be based on the Municipalities

capacity selection in the event that the consumer does not submit an application by the 31 July 2024.

Bulk consumers.

- Bulk consumers ($\geq 3 \times 100$ Amps) are currently all will all on a Time of Use (TOU) tariff. The tariff will be restructured as follows:
 - The 14% surcharge on LV consumers and the 12% surcharge on MV consumers will be incorporated in the tariff rates.
 - Basic charges will be reduced slightly.
 - A new Access charge based on the consumer's installed capacity (LV) or notified demand (MV) will be charged as a R/kVA
 - The maximum demand and energy charges are all changed.
 - An additional reactive energy charge is introduced.

Small Scale Energy Generators

- Small Scale Energy Generators (SSEG) consumers refer to consumers who install renewable power generators which are connected to the consumer network.
- This is mainly solar electricity or so-called Photo Voltaic (PV) systems and wind generators.
- These consumers will all be charged on a TOU tariff with the following charges:
 - A basic charge.
 - An additional SSEG service charge.
 - A capacity charge based on the installed capacity but with a minimum of 30 Amps single phase.
 - TOU energy charges
- These customers must apply to the municipality to be authorised by the latest end of September 2024 or be subject to disconnection.
- Their applications will be evaluated and they be quoted for the meter to be installed.
- They will be required to pay for a 4 quadrant 4 wire meter with modem. This is to allow the measurement of power on TOU and forward and reverse flow of electricity.
- These consumers will be compensated for the export power at a rate equal to 80% of Eskom's Megaflex energy rates applicable to Ndlambe but subject to a maximum of the municipal energy charges for each month.

These changes will be phased in over 3 years to minimise any negative impacts on consumers.

Consumers can obtain detailed information in order to understand the potential impact on their electricity cost and management of loads, to apply for the required capacity and to apply for SSEG at https://ndlambe.gov.za/web/?page_id=10089

All consumers are challenged to make an effort at managing their electricity usage within the minimum supply capacity thereby keeping their bills and the municipal costs low.

A significant amount of details will still be provided in this respect. Please visit the Ndlambe website and view the following:

- Detailed cost of supply and tariff study report.
- Detailed tariff booklet.
- List of questions and answers.
- Application form for new capacity.
- Application form for SSEG consumer.
- Tariff implementation plan.
- Tariff policy.
- All communications.
- 20 Amp demonstration video.

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