



DURBAN CHAMBER
OF COMMERCE AND INDUSTRY
EST 1856

The Ultimate Business Network

Press Release on the NERSA Announcement of the Approved Eskom 9.4% Electricity Tariff Hike

Dated: 03rd March 2016

Having made oral presentations and written submissions to NERSA over the Eskom RCA MYPD3 2013/14 Application, the Chamber is pleased to see the significant reduction in the tariff hike from a proposed 16% to the now approved 9.4% tariff hike.

The current economic climate has always required all parties involved in contributing to a conducive environment for business to act with caution and consideration for the economic outlook that we are faced with. The matters concerning Open Cycle Gas Turbine costs incurred by Eskom, The Revenue Variance with respect to Negotiated Purchase Agreements as well as the miscalculated Load Shedding impact are fundamental to setting the tone for future rulings on Eskom tariff applications. Operational efficiency in Eskom as a critical infrastructure of the country cannot be overstated. The variety of costs incurred by Eskom with that reflect inefficiencies should not be allowed on any level to be passed back to consumers and businesses as this represents a bad precedence in the operation of such a well-funded organisation as Eskom.

The lobbying efforts of the Durban Chamber in this respect will surely benefit the business community in a reduced tariff, but more importantly, our efforts are also benefitting the communities in which businesses are operating in. Residents of the country at large will benefit from our efforts in lobbying against the Eskom increase, and the Durban Chamber where possible, will look at lobbying which has a significant impact as shown in the case of the Eskom tariff application.

Having said that, there was more that could have been done from NERSA to see a tariff hike that reinforced policy certainty in remaining in line with the MYPD3 price path. We are still concerned that the Load Shedding Impact is still grossly misrepresented in the Revenue Variance calculations and this is leading to businesses and residents paying for alternative energy sources out of pocket and still paying for the lost revenue by Eskom through increased tariffs seeking to claw back lost revenue from the consumer's preference to alternative more reliable energy sources.

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