

# Regulatory Update

## Decisions from the National Energy Regulator of South Africa (NERSA) March 2019

### 1 Multi-Year Price Determination (MYPD) 4 revenue decision for 2019/20 to 2021/22

**Eskom revenue application (with changes):**

FY2019/20	FY2020/21	FY2021/22
R219bn	R252bn	R291bn
17.1%	15.4%	15.5%

**Tariff**

**NERSA revenue determination:**

FY2019/20	FY2020/21	FY2021/22
R206bn	R221bn	R233bn
9.41%	8.1%	5.22%

**Tariff**

**↓ R102bn revenue shortfall**

The MYPD 4 decision results in a R102 billion shortfall in revenue from its application of efficient costs and its return on assets. The Eskom Board will also look at how best to address the shortfall, while Eskom continues to address cost efficiencies from operations.

### 2 Regulatory clearing account (RCA) for Year 5 (2017/18) of MYPD 3

The RCA is a balancing mechanism between what was awarded by NERSA on the basis of a forecast (MYPD) and what actually materialised - a backward-looking reconciliation

The RCA balance can be in favour of either Eskom or the consumer. Liquidation of the RCA as approved by the regulator may result in an increase or decrease in future electricity prices.

**Eskom application** R21.6bn

**NERSA decision** R3.9bn

**↓ 82%**

This RCA balance will be implemented in subsequent years, as NERSA is yet to make a decision on the liquidation.

### Average price increases in accordance with NERSA decisions

During 2018, NERSA made an RCA decision for FY2014/15 to FY2017/18 of the MYPD 3 period totalling R32 billion. NERSA decided that Eskom would recover this RCA balance over the next four years – from 2019/20 onwards in addition to the MYPD decisions. (The average prices below exclude any subsequent decisions NERSA will make.)

FY2019/20	FY2020/21	FY2021/22
13.87%	7.81%	5.05%
106.80 c/kWh	115.14 c/kWh	120.95 c/kWh