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Eskom's 2011/12 tariffs and charges for large power users excluding local authorities

This information is available in all the official languages and can be requested from your Eskom Contact Centre.

Explanation of the 2011/12 NERSA-approved price increase and its impact on tariffs

- On 24 February 2010, the National Energy Regulator of South Africa (NERSA) approved the annual average price increase on the Eskom revenue for the Multi Year Price Determination 2 (MYPD2) period from 2010/11 to 2012/13 as follows:

Standard average prices and percentage price increases	2010/11	2011/12	2012/13
Standard average price (c/kWh)	41.57 c/kWh	52.30 c/kWh	65.85c/kWh
Percentage Price increase (%)	24.8%	25.8%	25.9%

- The structure of the tariffs, the rates and the increases applied to the rates to recover the total revenue allowed, in line with NERSA decisions, are submitted by Eskom to NERSA each year.
- On 28 February 2011 NERSA made known the tariff determination for 2011/12.
- NERSA decided in 2010 that all the residential subsidies must be recovered only from the Eskom non-local authority urban customers. This resulted in these tariffs seeing a higher increase than the average price increase shown above.

Environmental Levy Charge

In the Budget Speech on 23 February 2011, the Finance Minister announced that the environmental levy applied to electricity generated from non-renewable resources and nuclear energy was to be increased from 1 April 2011 from 2 c/kWh to 2.5 c/kWh.

The increase in the levy is related to funding for the costs of rehabilitation of roads due to coal haulage damage that has already been included in the NERSA MYPD2 approval of the revenue requirement. The increase in the environmental levy charge is therefore not intended to increase electricity tariffs, and the resultant environmental levy charge as applied in the tariff rates to the consumer will, therefore, not be increased.

MFMA

Due to the requirements of the Municipal Finance Management Act (MFMA) Eskom splits its tariffs between local authority (municipal) and non-local authority (non-municipal) tariffs. All the local authority tariffs will experience the same increase across tariff categories, while the non-local authority tariffs have three categories on which the increase was calculated, that is, Residential, Urban and Rural tariffs. This is a result of the implementation of the inclining block tariffs (IBT) and the later increases for the local authority customers.



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Average price increases per tariff

The respective average percentage increases per tariff category are as follows:

Tariffs	Average % increase per tariff category including the Environmental Levy charge	Actual Increase %* on the tariff rates excluding the Environmental Levy Charge	Reasons for deviation from average increase
NON-LOCAL AUTHORITY TARIFFS			
Urban tariffs			
<ul style="list-style-type: none"> • Megaflex, • Miniflex, • Nightsave Urban Large • Nightsave Urban Small 	26.95%	28.41%	<ul style="list-style-type: none"> •The introduction of inclining block tariffs resulted in a subsidy of R2.36 billion, which as per NERSA is to be recovered from these tariffs. •The subsidy resulted in a higher price increase than the overall average price increase
Rural tariffs			
<ul style="list-style-type: none"> • Ruraflex • Nightsave Rural 	25.77%	26.53%	<ul style="list-style-type: none"> • The Rural tariffs are adjusted with the average increase.

*The increase applied to the tariff rates is not the same as the average increase to the tariff category. This is due to the impact of subsidies and the environmental levy charge not being subject to the price increase.

The details of Eskom's 2011/12 tariff rates including the impact and tariff comparison modelling tools can be found at the following web address: www.eskom.co.za/tariffs.