

CONNECT

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

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On 24 February 2010, NERSA approved an annual average price increase on the Eskom revenue for the Multi Year Price Determination 2 (MYPD2) period from 2010/11 to 2012/13. For the 2011/12 financial year, NERSA allowed Eskom an average increase of 25.8%. The 2011/12 tariff rates and the increase per tariff are as follows:

Residential tariffs: Billed and Prepaid

The NERSA decision included the implementation of inclining block tariffs to provide protection of lower usage residential customers against high price increases. Eskom implemented the inclining block tariff for its billed residential customers on 1 April 2010 and on 1 April 2011, it will be implemented to residential customers using prepaid electricity. The delay to implement to prepaid users was due to the changes required to the prepayment vending system to accommodate inclining block tariffs. As this tariff is subsidised, the average price increase for residential tariffs is 13.8%. The rates to be applied by Eskom have been determined by NERSA as follows:

Homepower Standard / Homelight 1 & 2 Billed and Prepaid

	Energy charge [c/kWh]		Environmental levy charge [c/kWh]		Total	
		Vat incl		Vat incl		Vat incl
Block 1 [≤ 50 kWh]	55.65	63.44	2.00	2.28	57.65	65.72
Block 2 [$50 - \leq 350$ kWh]	64.16	73.14	2.00	2.28	66.16	75.42
Block 3 [$350 - \leq 600$ kWh]	94.05	107.22	2.00	2.28	96.05	109.50
Block 4 [> 600 kWh]	103.35	117.82	2.00	2.28	105.35	120.10

An inclining block tariff is a tariff structure with tariff charges that change based on the amount of consumption. As consumption increases, the tariff rates become more expensive. Depending on your consumption, the average increase in your monthly amount payable for 2011/12 will differ. **From 1 April 2011, the inclining block rate is the same for both billed and prepaid.**

Example of a bill calculation using IBT (for a customer using 1000 kWh per month):

The total consumption of 1000 kWh must be allocated to the relevant Blocks i.e. 50 kWh is allocated to the first block, 300 kWh is allocated to the second block, 250 kWh is allocated to the third block and the remainder of the 1000 kWh (400 kWh) is allocated to the last block. The consumption in each block is then charged at the energy charge for that block. In addition to the energy charges, the environmental levy charge is also raised on the total consumption used (1000 kWh), at 2.00 c/kWh. Lastly VAT is payable on the total amount due.

Block Structure	Consumption (kWh)	Energy charge (c/kWh)	Total amount charged
Block 1 (≤ 50 kWh)	50 kWh	55.65	R 27.83
Block 2 (> 50 & ≤ 350 kWh)	300 kWh	64.16	R 192.48
Block 3 (> 350 & ≤ 600 kWh)	250 kWh	94.05	R 235.13
Block 4 (> 600 kWh)	400 kWh	103.35	R 413.40
Sub total	1000 kWh		R 868.84
Environmental levy charge	1000 kWh	2.00	R 20.00
Sub total			R 888.84
VAT		14%	R 124.44
Total amount due			R1013.28



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The following table gives an indication of what the increases will be at different consumption levels.

Comparison of monthly amount (excluding VAT) payable under the inclining block tariff structure

Average monthly usage	50 kWh	150kWh	350 kWh	600 kWh	1000 kWh	1500 kWh	5000 kWh
Amount payable in 2010/11	R 27.35	R 85.83	R 202.79	R 393.67	R 728.63	R 1,147.33	R 4,078.23
Amount payable in 2011/12	R 28.83	R 94.99	R 227.31	R 467.43	R 888.83	R 1,415.58	R 5,102.83
R/month increase	R 1.48	R 9.16	R 24.52	R 73.77	R 160.21	R 268.26	R 1,024.61
% increase	5.39%	10.67%	12.09%	18.74%	21.99%	23.38%	25.12%

Businessrate: applicable to small commercial urban supplies

	Service charge [R/day]		Network charge [R/day]		Energy charge [c/kWh]		Environmental levy charge [c/kWh]	
		<i>Vat incl</i>		<i>Vat incl</i>		<i>Vat incl</i>		<i>Vat incl</i>
Businessrate 1	R9.87	R11.25	R11.47	R13.08	63.46	72.34	2.00	2.28
Businessrate 2	R9.87	R11.25	R19.33	R22.04	63.46	72.34	2.00	2.28
Businessrate 3	R9.87	R11.25	R33.40	R38.08	63.46	72.34	2.00	2.28
Businessrate 4					161.44	184.04	2.00	2.28

The average tariff increase applicable to Businessrate, including the environmental levy is 26.95%. Please note that Businessrate contributes to subsidies and therefore the increase applied to the tariff rates is higher than the overall average price increase.

Landrate: applicable to small rural supplies

	Service charge [R/day]		Network charge [R/day]		Energy charge [c/kWh]		Environmental levy charge [c/kWh]	
		<i>Vat incl</i>		<i>Vat incl</i>		<i>Vat incl</i>		<i>Vat incl</i>
Landrate 1	R12.45	R14.19	R15.20	R17.33	69.48	79.21	2.00	2.28
Landrate 2	R12.45	R14.19	R23.37	R26.64	69.48	79.21	2.00	2.28
Landrate 3	R12.45	R14.19	R37.36	R42.59	69.48	79.21	2.00	2.28
Landrate 4			R12.11	R13.81	136.45	155.55	2.00	2.28
Landlight					210.18	239.61	2.00	2.28
Landrate Dx*	R26.91	R30.68						

*Landrate Dx charge includes all of the above charges

The average tariff increase applicable to Landrate, including the environmental levy is 25.8%. Note that rural tariffs do not contribute towards subsidies and therefore the average increase applied to the tariff rates is equal to the overall average price increase.

For more information on the regulator's decision and Eskom's rates, visit our web site at www.eskom.co.za/tariffs or contact Eskom's Contact Centre on 08600 37566