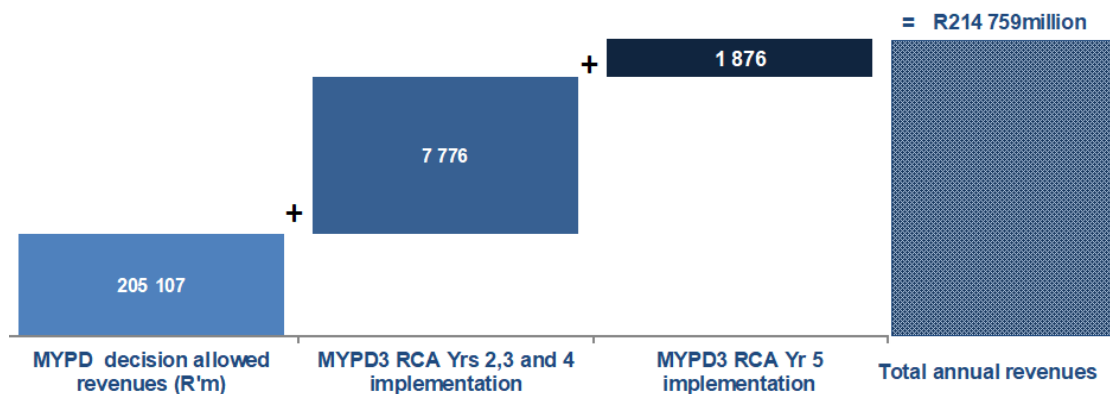




## The 2020/21 Nersa-approved price increase

On 9 March 2020, the National Energy Regulator of South Africa (Nersa) approved Eskom’s allowable revenue from standard tariff customers to be 8.76%. This percentage is inclusive of the MYPD3 year 2 to year 5 Regulatory Clearing Account revenue amounts approved by NERSA to be recovered through the standard tariffs in 2020/21; resulting in a total allowable revenue of R 214 759 million for the 2020/21 period.

The total standard tariff for 2020/21 allowable revenue breakdown is illustrated below:



Based on this, the tariff increases approved by Nersa for the 2020/21 financial year are as follows:

<b>Total standard tariffs</b>	<b>8.76%</b>
<b>Local authority tariffs (municipalities) – 1 July 2020</b>	6.90%
<b>Eskom direct (non-local authority) tariffs – 1 April 2020</b>	
Businessrate; Public Lighting; Homepower; Homelight 60A and 20 A; Landrate; Landlight	8.76%



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Megaflex; Miniflex; Nightsave Urban; WEPS; Megaflex Gen	8.94%
<ul style="list-style-type: none"> <li>Affordability subsidy charge (where applicable)</li> <li>All other tariff charges</li> </ul>	13.61% 8.76%
Ruraflex; Nightsave Rural; Ruraflex Gen	8.76%
All charges applicable to generators	8.76%

**Note:**

The following explanations for the average increases applied above are:

- Municipal increases are calculated on the Eskom financial year, but in terms of the Municipal Financial Management Act (MFMA), it is applied only in July of each year. This means for the first three months of the new Eskom financial year, the local authority tariffs still have the previous year's tariff applied. For this coming year (2020/21), the municipal tariffs have a higher increase (15.63%) applied to the first three months than the 8.76%. The municipal increase of 6.9% is calculated to ensure that on average with the first three months at a higher rate, and the last nine months at the calculated rate, that the revenue received equals an increase of 8.76%. Therefore, in order to ensure an average of 8.76% for the Eskom financial year, this meant a lower increase for the last nine months.
- Nersa in the last MYPD period, made a decision to have lower price increases than the average increase for the Homelight 20A tariff. This resulted in a subsidy, which Nersa ruled to be applied to Eskom's non-local authority tariffs; Megaflex, Miniflex, Nightsave Urban, WEPS, and Megaflex Gen. Each year, the historical value of the subsidy is determined and divided by the volume of the aforementioned tariffs to derive the affordability subsidy charge. For this reason, the charge does not necessarily increase at the same rate as all other charges. This has resulted in these tariffs seeing an 8.94% increase in revenue calculated for 2020/21.

Eskom is planning to make structural changes to the residential tariffs and to introduce a time-of-use tariff for its residential customers during the year. Further structural changes are proposed for 2021, which shall be communicated once submitted to Nersa.

For more information and modelling tools relating to the tariff increase, kindly visit the website: [www.eskom.co.za/tariffs](http://www.eskom.co.za/tariffs).

