



SUBMISSION TO NERSA

**RATIONALISATION OF
MUNICIPALITY TARIFFS**

NOVEMBER 2017

Executive summary

The submission to Nersa is for the approval of the rationalised municipality tariffs called Megaflex Munic ("Municflex") for points of delivery on large power use (LPU) tariffs and Businessrate Munic ("Municrate") for points of delivery on small power use (SPU) tariffs except for public lighting points of delivery.

Nersa is requested to approve the rationalisation of the municipality tariffs for implementation in the 2018/19 financial year in terms of the following:

- a) The number of tariff options available to municipalities will be reduced to three tariffs options as follows:
 - (i) Combining the Megaflex, Miniflex, Nightsave Urban Small and Nightsave Urban Large tariffs into one tariff to be called "Municflex" for all municipality large power use points of delivery.
 - (ii) Combining the Businessrate, Landrate and Homepower tariffs into one tariff to be called "Municrate" for all municipality small power use points of delivery.
 - (iii) The Public Lighting tariff to remain as a non-metered tariff for public lighting supplies which are not suitable for a metered tariff.
 - (iv) All existing municipalities points of delivery currently allocated to the existing municipality tariffs will be reallocated to either of the two proposed tariffs depending on whether the point of delivery was allocated to an LPU or SPU tariff.
 - (v) The Municflex tariff option will have the same tariff characteristics as the predecessor local authority Megaflex in terms of tariff structure and rates, with the exception that the tariff will now be applicable to points of delivery with an NMD of 25 kVA and above.
 - (vi) The Municrate tariff will have the same tariff characteristics as the predecessor local authority Businessrate tariff structure and rates.
- b) The new tariff options will result in the following tariff characteristics being applicable to municipality customer categories:
 - (i) There will no longer be an urban / rural differentiation for municipality points of delivery.
 - (ii) Once the initial allocation to the new municipality tariffs has been completed, municipality points of delivery between 25 kVA and 100 kVA will have a choice to be on the Municflex or the Municrate tariff subject to the payment of the applicable conversion charges.
 - (iii) The remainder of the tariff characteristics will remain unchanged.
- c) The Public Lighting tariff option/characteristics will remain unchanged.
- d) Any revenue impact resulting from the municipality tariff rationalisation will be recovered through the annual price adjustment.
- e) Policies: All Municflex and Municrate customers will be subject to the existing policies relating to urban customers and any other applicable policies for similar-size customers.

All rates in this submission are in 2017/18 rand values. Nersa is also requested to ratify that Eskom publishes these tariffs as part of the schedule of standard tariffs from the 2018/19 financial year in 2018/19 rand values, based on the Nersa approved price increase for municipalities.

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1. Background

As part of the retail tariff plan submitted to Nersa in August 2014, Eskom indicated its intention to make a submission to Nersa on rationalisation of municipality tariffs. Municipality tariffs are called local authority tariffs, and there are currently 11 tariff options (and further sub-tariffs, depending on size, voltage, and Transmission zone) available for municipalities, for LPU and SPU points of delivery, respectively. These tariff options are the same in structure as the non-local authority tariffs, with the difference being that local authority tariff increases are applied on 1 July of each calendar year.

Municipalities are distributors that provide electricity to their customer base within their licensed area of supply. To fulfil this obligation, municipalities purchase all or a portion of their electricity for resale and own use from Eskom. This becomes a wholesale electricity cost to the municipality, which is used to determine charges to its end-customers.

In most cases, a single municipality has multiple points of delivery supplied by Eskom. These points of delivery within the municipality may be on different tariffs, depending on the characteristics and location of the point of delivery, namely, the customer category, the supply size, voltage, rural or urban, etc.

The different tariffs allocated to the different municipality points of delivery can add complexity to determining their wholesale purchase price, designing tariffs for their own customers, and challenges in forecasting their revenue due to limited understanding of the purchase price.

Municipalities, Eskom, and Nersa have acknowledged that a review of the municipality tariffs is necessary in order to simplify the suite of municipality tariffs.

The changes being proposed are a tariff restructuring for the Miniflex, the Nightsave suite of tariffs, the Ruraflex, the Landrate, and the Homepower tariffs to become the Municflex and the Municrate tariffs. The change to these tariffs was analysed to evaluate the impact per point of delivery (POD), per municipality, and on the overall Eskom revenue.

The majority of PODs and municipalities as a whole benefit from the changes being proposed. This results in a shortfall in revenue for Eskom, and it is required that this shortfall be recovered through the annual price increase process. This is standard practice when a tariff restructuring is done, where some tariffs pay more, and others pay less.

In order to determine the most accurate impacts, the analyses done used the latest Eskom budget volumes and not the higher MYPD3 volumes. If the MYPD3 volumes had been used, these would not have provided an accurate view for each municipality and would also have resulted in a higher revenue impact for Eskom.

2. Motivation for rationalising municipality tariffs

The purpose of this submission is to request NERSA to approve the two proposed municipality tariffs: Municflex and Municrate. These tariffs are derived from the existing Megaflex and Businessrate tariffs respectively. No cost of supply study will be completed to fulfil this objective (a cost of supply study will be completed with the MYPD4 submission).

All Municipality PODs, except those on Public lighting tariffs, will be reallocated to the two proposed tariffs. The PODs on Megaflex and Businessrate will simply realise a name change of their existing tariffs namely: Municflex or Municrate, no other changes will be made to their rates.

Effectively this means that there will only be three tariffs available for municipalities: Municflex, Municrate and Public Lighting.

The following benefits will accrue to both Eskom and the municipalities by rationalising municipality tariffs:

1. The new tariff options will reduce complexity:
 - There will be one tariff for large power use.
 - There will be one tariff for small power use.
 - The Public Lighting tariff will remain unchanged.
 - Municipality tariffs will no longer have an urban/ rural tariff differentiation for municipality tariffs.
2. Two tariffs will simplify the sales and revenue forecasting process within both Eskom and Municipalities:
 - Two tariff options simplify the process of determining purchase cost for municipalities.
 - Eskom also benefits in terms of its sales and revenue forecasting process in terms having less tariff variations for municipalities.
3. Tariff signals will be retained by:
 - Megaflex tariff structure is to retain pricing signals for large customers.
 - Businessrate tariff structure is to be retained for small customers.
4. Compliance with NERSA requirements:
 - This proposal is aligned to NERSA objective of simplifying municipality tariffs.
5. Connection charges to municipalities will be determined in accordance with their tariff categories i.e. based on urban connection charge approach.

3. Tariff proposal

3.1. Tariff objectives

a) Simplicity

The main objective of the submission is to reduce the number of the municipality tariffs to achieve the benefits highlighted above.

All existing customers (except Public Lighting tariff PODs) will be moved to the proposed tariffs depending on the tariff they were previously allocated to. All new municipality points of delivery will have a choice between 3 the municipality tariffs i.e. Municflex, Municrate and Public Lighting.

In addition, simplicity will further be achieved by removing the urban/ rural tariff differentiation for municipalities. This will assist in terms of simplifying the sales and revenue forecast process for municipalities since their purchase costs will be easily determinable.

Rationalising will also assist with account management by simplifying tariff advisory services.

b) Fairness and equity

All municipality points of delivery of similar size and customer category will have the same tariffs regardless on the location of the point of delivery.

c) Transparency

The NERSA process of setting benchmarks will be more transparent and simplified. Rationalising will assist municipalities with tariff modelling.

4. Volumes used – budget versus MYPD3

In order to determine the most accurate impacts, the analyses done used the latest Eskom budget (latest forecast 2017/18) volumes and not the higher MYPD3 volumes. If the MYPD3 volumes had been used, these would not have provided an accurate view for each municipality and would also have resulted in a higher revenue impact for Eskom. MYPD3 volumes are based on the 2011/12 forecast which is dated and therefore does not currently reflect the usage patterns of the customers

The results given in the main section of the submission are based on the budget volumes, and those in Annexure 2 are based on the MYPD volumes.

4.1. Applicability of the municipality tariff options

The tariffs will be applicable to the local authority points of delivery currently allocated to the local authority tariffs as well as new local authority points of delivery.

Municflex and Municrate are the proposed tariff names to be registered for the current Megaflex local authority and Businessrate local authority tariffs to which all large power and small power tariffs (except Public Lighting tariffs) will be allocated. The registration of these tariffs is subject to approval by the relevant approval authority. The proposed tariff names may be changed if the registration is not approved.

4.2. Tariff design principles

4.2.1. Cost of supply

The Municipality tariff rationalisation has been prioritised as the initial step toward the overall cost of supply study that needs to be completed. Hence in terms of this submission, the existing tariff rates have been used to reallocate all Municipality points of delivery to the proposed new tariff categories.

An updated cost of supply will be undertaken for the MYPD4 revenue application and all of Eskom's retail tariffs will be updated based on the latest cost of supply.

4.2.2. ERTSA methodology

This submission does not deal with the price increase methodology as this forms part of a separate process in terms of the Eskom Retail Tariff Structure Application (ERTSA) methodology for Municipalities. As such, it is proposed that this continues to be dealt with in terms of the price increase process and that this submission is considered in terms of its proposal to rationalise Municipality tariffs.

This proposed rationalisation of Municipality tariffs will result in an overall –R463million revenue change. This translates to an overall price increase of 0.27% (~0.24c/kWh) to all tariffs. The price increase will be dealt with in terms of the price increase process.

4.2.3. Reallocation to the new tariffs

The municipal tariff design/reallocation assumptions used in the determination of the Municflex and Municrate tariffs are:

1. Local authority LPU points of delivery were reallocated to Megaflex and all SPU points of delivery (excluding Public lighting) were reallocated to Businessrate.
2. The revenue impacts from the above tariff reallocation based on the MYPD3 decision forecasted sales was calculated.

3. In order to determine a more accurate and up to date view of the impacts, a calculation based on recent forecasted sales volumes was done (sales budget finalised in October 2015.) This submission shows the impact using the latest approved forecast.
4. The tariff change is per point of delivery (PoD) and not per customer account.
5. The assumptions excludes:
 - Possibilities of customers changing consumption patterns; and
 - Possibility of the tariff improving bad debt.
6. The Non-local authority tariffs are not impacted.

The municipal tariff reallocations are as shown in Table 1 below.

Previous tariff		Tariff Reallocations		New tariff names	
Previous Tariff	Previous Sub Tariff	Allocated Tariff	Allocated Sub Tariff	New tariff name	New sub tariff name
Businessrate	Businessrate 1	Businessrate	Businessrate 1	Municrate	Municrate 1
Businessrate	Businessrate 2	Businessrate	Businessrate 2	Municrate	Municrate 2
Businessrate	Businessrate 3	Businessrate	Businessrate 3	Municrate	Municrate 3
Businessrate	Businessrate 4	Businessrate	Businessrate 4	Municrate	Municrate 4
Homepower	Homepower 1	Businessrate	Businessrate 1	Municrate	Municrate 1
Homepower	Homepower 2	Businessrate	Businessrate 2	Municrate	Municrate 2
Homepower	Homepower 3	Businessrate	Businessrate 3	Municrate	Municrate 3
Homepower	Homepower 4	Businessrate	Businessrate 4	Municrate	Municrate 4
Landrate	Landrate 1	Businessrate	Businessrate 1	Municrate	Municrate 1
Landrate	Landrate 2	Businessrate	Businessrate 2	Municrate	Municrate 2
Landrate	Landrate 3	Businessrate	Businessrate 3	Municrate	Municrate 3
Landrate	Landrate 4	Businessrate	Businessrate 4	Municrate	Municrate 4
Megaflex	Megaflex	Megaflex	Megaflex	Municflex	Municflex
Miniflex	Miniflex	Megaflex	Megaflex	Municflex	Municflex
Nightsave Large	Nightsave Large	Megaflex	Megaflex	Municflex	Municflex
Nightsave Rural	Nightsave Rural	Megaflex	Megaflex	Municflex	Municflex
Nightsave Small	Nightsave Small	Megaflex	Megaflex	Municflex	Municflex
Public Lighting	Public Lighting 24 Hours	Public Lighting	Public Lighting 24 Hours	Public Lighting	Public Lighting 24 Hours
Public Lighting	Public Lighting All Night	Public Lighting	Public Lighting All Night	Public Lighting	Public Lighting All Night
Public Lighting	Public Lighting Urban Fixed	Public Lighting	Public Lighting Urban Fixed	Public Lighting	Public Lighting Urban Fixed
Ruraflex	Ruraflex	Megaflex	Megaflex	Municflex	Municflex

Table 1: Municipal tariff reallocation assumptions

The Public Lighting tariff is an electricity tariff for Public Lighting or similar supplies in Urban areas where Eskom provides a supply for, and if applicable maintains, any street light or similar public lighting and where the charge for the supply and service is fixed based on the number of lights and light fixtures.

- No change is proposed to this tariff, as it caters for a specific type of supply, and therefore, the structure of the tariff should be retained.
- This tariff is a fixed charge tariff per lighting supply.
- The charge is based on the following:
 - All night (typically street lights)
 - 24 hours (typically traffic lights)

4.2.4. Tariff reallocation scope

The number of PODs and the revenue impacted by the change of tariff were:

- 3 242 points of delivery (0.1% of all PODs);
- 11.449 TWh of the budget 2017/18 forecasted sales (6.0% of the total); and
- R9.204 billion of the budget 2017/18 standard tariff revenues (5.6% of the total).

The following table shows the number of points of delivery (PODs), the forecast GWh, and revenues.

	No. of PoDs		Annual submitted forecasted sales (GWh)		Annual submitted revenues (Rm)	
Municipal	12 009	0.2%	90 057 GWh	47.2%	Rm 73 930	43.4%
Reallocated	4 113	0.1%	11 415 GWh	6.0%	Rm 9 703	5.7%
No change to tariff	7 896	0.1%	78 642 GWh	41.2%	Rm 64 227	37.7%
Total	5 447 353	100%	190 921 GWh	100%	Rm 170 277	100%

The following observations can be made:

- In terms of the table above, “municipal” refers to local authority PODs, and “non-municipal” refers to non-local authority PODs.
- There are 12 009 local authority PODs, of which 4 113 PODs (with forecasted sales of 11 415 GWh) will need to be reallocated to the Munciflex and Muncirate tariffs.
- 7 896 PODs (with forecasted sales of 78 642 GWh) are already on the tariffs, with a similar structure as the proposed tariffs – that is, the Megaflex and Businessrate tariffs – and, therefore, will not be reallocated. Simply name changes of the tariffs will be effected for these PODs.
- No reallocations will take place in terms of the non-local authority tariffs.

Table 2: Number of points of delivery (PODs), the forecast GWh, and revenues

4.3. Overall revenue impact (based on the 2017/18 budget)

The proposed municipality tariff rationalisation has a financial impact. This impact was based on the most up-to-date volumes in order to be as accurate as possible when determining the impact per municipality and on overall revenue. The revenue shortfall is to be recovered through the MYPD3 average increase process to ensure revenue neutrality.

- There is an overall –R463million revenue change due to the Municipal PoDs tariff reallocations. This translates to an overall price increase of 0.27% (~0.24c/kWh) to all tariffs.

- There are different impacts from the tariff reallocations and the key trend is that the rural tariffs benefit by converting to urban tariffs but Homepower tariffs experience high increases.
- Due to the introduction of service charges and a higher NCC R/PoD charges, Homepower 1 and Homepower 4 experience increases of 161% and 97% respectively after reallocation to Businessrate.
- Landrate tariffs benefit from the reallocation to the cheaper Businessrate tariffs and this is greater for Landrate 4 at -20% and Landrate 1 at -17%.
- The highest revenue difference is from Nightsave Rural:
 - Nightsave Rural has a 23% reduction in its average price. This is due to the retirement of EDC R/kVA and NDC c/kWh charges with the total revenues of R372m and R223m respectively.

The following table shows the overall revenue impact.

Tariff reallocation impact												
Tariff before conversion	No of PODs	Forecasted Sales	Tariff submission revenues		Tariff simulation revenues		Revenue difference		Tariff submission avg c/kWh	Tariff simulation avg c/kWh	Avg price difference c/kWh	Average price increase
Homepower 1	105	0.00 GWh	Rm	0.68	Rm	1.78	Rm	1.10	175.32c	457.28c	281.96c	161%
Homepower 2	65	0.00 GWh	Rm	2.51	Rm	3.14	Rm	0.62	138.19c	172.40c	34.20c	25%
Homepower 3	25	0.00 GWh	Rm	1.16	Rm	1.51	Rm	0.34	148.99c	193.12c	44.13c	30%
Homepower 4	515	0.01 GWh	Rm	9.50	Rm	18.68	Rm	9.18	137.94c	271.16c	133.22c	97%
Landrate 1	1213	0.01 GWh	Rm	33.25	Rm	27.63	Rm	-5.62	302.99c	251.80c	-51.18c	-17%
Landrate 2	377	0.01 GWh	Rm	21.90	Rm	19.31	Rm	-2.60	189.27c	166.82c	-22.45c	-12%
Landrate 3	254	0.01 GWh	Rm	24.24	Rm	21.91	Rm	-2.33	173.59c	156.93c	-16.66c	-10%
Landrate 4	156	0.00 GWh	Rm	3.51	Rm	2.81	Rm	-0.71	339.29c	271.16c	-68.13c	-20%
Miniflex	135	0.76 GWh	Rm	706.23	Rm	719.80	Rm	13.57	92.99c	94.77c	1.79c	2%
Nightsave Large	74	9.18 GWh	Rm	7 602.98	Rm	7 459.64	Rm	-143.34	82.78c	81.22c	-1.56c	-2%
Nightsave Rural	868	1.05 GWh	Rm	1 322.60	Rm	1 014.76	Rm	-307.84	126.29c	96.89c	-29.39c	-23%
Nightsave Small	45	0.08 GWh	Rm	88.08	Rm	82.09	Rm	-6.00	107.92c	100.57c	-7.35c	-7%
Ruraflex	257	0.30 GWh	Rm	349.53	Rm	329.47	Rm	-20.06	117.79c	111.03c	-6.76c	-6%
	4113	11.42 GWh	Rm	10 166	Rm	9 703	Rm	-463	89.04c	84.98c	-4.06c	-5%
Total Municipal	12009	90.06GWh	Rm	74 393	Rm	73 930	Rm	-463	82.60c	82.09c	-0.51c	-0.6%
Ratio of converted	34%	13%		14%		13%		100%				

Table 3: Overall revenue impact (difference)

The financial impact per tariff is as follows:

4.3.1. Impact of large power user (LPU) tariffs (Nightsave (Large, Small, Rural), Miniflex, and Ruraflex) change to Municflex

- The reallocation of large power users tariffs to Megaflex results in a total reduction of revenue of R464million, mainly due to retirement of retirement of EDC R/kVA and NDC c/kWh rates.
- R328million (72%) of the reduction is for rural tariffs (Nightsave Rural and Ruraflex).

- A 23.3% Nightsave Rural average price reduction for 868 PoDs that amounts to R372million due to the retirement of the Nightsave rural EDC and NDC c/kWh charges (R223million).
- The R1.2billion EDC revenues from Nightsave Large are off-set by the increase to the Peak energy rates providing greater revenue recovery mitigation for peaky municipal PoDs.
- Lower off-peak period revenues from Nightsave tariffs.
- The move from Nightsave Rural and Ruraflex to Megaflex increases the ERS revenue by R93million.

There is a total of 1379 LPU tariff PoDs that are converted to Megaflex. The reallocation of the large power user tariffs to Megaflex results in the following tariff rate changes:

- Introduction of time-of-use energy rates for Nightsave tariffs.
- Retirement of the Nightsave EDC R/kVA charges.
- Lower energy and network charges for the rural tariffs.
- Unbundling of the Network charge into the Megaflex transmission network charges and Distribution NCC for Miniflex, Ruraflex and Nightsave Rural.

The following table shows the reallocation of LPU tariffs to Municflex.

	Reallocation of LPU tariffs to Megaflex					
	Miniflex	Nightsave Large	Nightsave Small	Nightsave Rural	Ruraflex	Total
No. of PoDS	135	74	45	868	257	1 379
Forecasted sales (GWh)	759	9 185	82	1 047	297	11 370
Total revenues Submission (Rm)	706	7 603	88	1 323	350	10 069
Total revenues Simulation (Rm)	720	7 460	82	1 015	329	9 606
Total revenues Difference (Rm)	14	-143	-6	-308	-20	-464
Submission avg price (c/kWh)	92.99c	82.78c	107.92c	126.29c	117.79c	88.56c
Simulation avg price (c/kWh)	94.77c	81.22c	100.57c	96.89c	111.03c	84.48c
Change in avg. price (%)	1.9%	-1.9%	-6.8%	-23.3%	-5.7%	-4.6%
Additional R/kWh per kWh	R 0.02	R -0.02	R -0.07	R -0.29	R -0.07	R -0.04
Difference in energy charges (Rm)	0	-144	-6	-272	-8	-430
Difference in Peak c/kWh (Rm)	0	1221	9	139	-3	1365
Difference in Standard c/kWh (Rm)	0	418	3	40	-3	457
Difference in Offpeak c/kWh (Rm)	0	-567	-7	-79	-2	-656
Difference in EDC R/kVA (Rm)	0	-1215	-10	-372	0	-1597
Difference in Network charges	14	0	0	-109	-35	-130
Difference in Tx NAC R/kVA (Rm)	20	0	0	31	11	61
Difference in ancillary c/kWh (Rm)	0	0	0	0	0	0
Difference in Dx NCC R/kVA (Rm)	38	0	0	61	21	120
Difference in NCC R/kVA (Rm)	-58	0	0	-47	-22	-127
Difference in NDC c/kWh (Rm)	-27	0	0	-223	-62	-312
Difference in NDC R/kVA (Rm)	40.2	0	0	69	19	128
Difference in reactive c/kVArh (Rm)	0.1	0	0	0.0	0.0	0.1
Difference in Retail charges	0.05	0.23	-0.00	0.99	2.35	4
Difference in Admin charges R/PoD (Rm)	0.0	0.0	0.0	-1.5	-0.3	-2
Difference in Service charges R/PoD (Rm)	0.1	0.2	0.0	2.5	2.6	5
Difference in ERS (Rm)	-	-	-	72.32	20.49	93

Table 4: LPU reallocations to Municflex

4.3.2. Impact on the Homepower tariffs of a change to Municrate

- The Homepower reallocation to Businessrate results in the following tariff rate changes:
 - Introduction of service charges, a flat energy rate and higher NCC R/PoD rate.
- The reallocation results in additional revenue of R11.2million for Homepower tariffs. R9.2million of the total relates to Homepower4 and is due to an increase in energy rate and introduction of NDC c/kWh charge.
- **Homepower 1**
 - Homepower 1 pays an additional R2.82 per kilowatt-hour due to increases mainly in the Businessrate NCC R/PoD, introduction of service charge and increase in the energy rates.
- **Homepower 4**
 - Homepower 4 pays an additional R1.33 per kilowatt-hour on average mainly due to increases in energy charges; the average kWh/PoD/mth is on the higher side at 1115kWh/mth/PoD.
 - Businessrate 4 energy rate is 257.71c/kWh whilst Homepower 4 block 1 (≤600kWh) rate is 109.63c/kWh, block 2 (>600kWh) rate is 175.75c/kWh.
 - Businessrate 4 does not have a fixed network capacity charge (NCC) R/PoD charge and instead has a variable c/kWh network charge; Homepower 4 has a NCC R/PoD charge therefore reallocations from Homepower 4 benefit from the variable network charges.
- **Homepower 2 and 3**
 - The increase in revenue from NDC c/kWh, higher NCC R/PoD and energy rates are offset by the reduction in energy rates.
 - Businessrate 2 and 3 energy rate is 95.77c/kWh whilst Homepower 2 and 3 block 1 (≤600kWh) rate is 109.63c/kWh and block 2 (>600kWh) Homepower 2 and 3 is 168.76c/kWh.

The following table shows the impact on the Homepower tariffs of a change to Municrate.

Homepower tariffs' reallocation to Businessrate					
	Homepower 1	Homepower 2	Homepower 3	Homepower 4	Total
Avg kWh/PoD/mth	309	2332	2603	1115	1159
Number of PoDs	105	65	25	515	710
Submitted annual (GWh)	0.4	1.8	0.8	6.9	9.9
IBT rates' revenues (Rm)	0.7	2.5	1.2	9.5	13.9
Flat rate energy charges revenues (Rm)	0.4	1.7	0.7	17.7	20.6
NDC c/kWh revenues (Rm)	0.05	0.2	0.1	0.9	1.3
Change in NCC R/PoD/day revenues (Rm)	0.5	0.6	0.3	-0.5	0.9
Change in Ancillary revenues (Rm)	0.001	0.007	0.003	0.025	0.036
Total Difference in revenues (Rm)	1.1	0.6	0.3	9.2	11.2
Average price before (c/kWh)	175.32c	138.19c	148.99c	137.94c	140.33c
Average price on Businessrate (c/kWh)	457.28c	172.40c	193.12c	271.16c	254.13c
Change in average price (%)	161%	25%	30%	97%	81%
Additional average rands per kWh	R 2.82	R 0.34	R 0.44	R 1.33	R 1.14

Table 5: Homepower reallocations to Municrate

4.3.3. Impact on the Landrate tariffs PODs change to Municrate

- All Landrate tariffs benefit from the reallocation as a result of a decrease in the following rates, NDC c/kWh, NCC R/PoD/day and Service R/PoD/day.
- The reallocation results in reduction in revenue of R11.37million for Landrate tariffs.
- Landrate 1 has the most reduction at R5.62million.
- Landrate 2 and Landrate 3 experience a decrease of R2.6million and R2.3million respectively.

The Landrate reallocation to Businessrate results in the following tariff rate changes:

- Increase in the energy rates
- Decrease in the NDC c/kWh rates
- Decrease in the NCC R/PoD/day rates
- Decrease in the Service R/PoD/day rates

The following table shows the impact on the Landrate tariffs PODs change to Municrate.

	Landrate reallocation to Businessrate				
	Landrate 1	Landrate 2	Landrate 3	Landrate 4	Total
No. of PoDS	1 213	377	254	156	2 010
Forecasted sales (GWh)	10.97	11.57	13.96	1.04	37.56
Total revenues before conversion (Rm)	33.25	21.90	24.24	3.51	83.06
Total revenues after conversion (Rm)	27.63	19.31	21.91	2.81	71.69
Total revenues Difference (Rm)	-5.62	-2.60	-2.33	-0.71	-11.37
Before conversion avg price (c/kWh)	302.99c	189.27c	173.59c	339.29c	221.17c
After conversion avg price (c/kWh)	251.80c	166.82c	156.93c	271.16c	190.88c
Change in avg. price (%)	-16.9%	-11.9%	-9.6%	-20.1%	-13.7%
Additional R/kWh	R -0.51	R -0.22	R -0.17	R -0.68	R -0.30
Difference NDC c/kWh (Rm)	-1.1	-1.2	-1.4	-0.1	-3.8
Difference Ancillary c/kWh (Rm)	0.0	0.0	0.0	0.0	0.0
Difference NCC R/PoD (Rm)	-2.7	-0.9	-0.6	-1.1	-5.3
Difference Service R/PoD (Rm)	-1.9	-0.6	-0.4	0.0	-3.0

Table 6: Landrate reallocations to Municrate

4.4. Implementation

4.4.1. Implementation date

Eskom requests that Nersa approve the implementation of the Municflex and Municrate municipality tariffs from 1 July 2018.

4.4.2. Reallocation to the new tariff

- On approval of the tariff, the existing LPU and SPU (except Public Lighting tariff) shall cease to exist from the approved implementation date.
- All existing points of delivery shall automatically be reallocated to the tariff on the date of implementation. No reallocation fees shall be applicable in terms of the automatic reallocation to the tariff.
- All existing points of delivery wishing to reallocate between the LPU and SPU tariffs following automatic reallocations to the tariff shall be liable to pay a reallocation fee, as will

be published in the schedule of standard fees. The reallocation fees for Municflex shall be the same as the Megaflex reallocation fees, and the reallocation fees for Municrate shall be the same as the Businessrate reallocation fees.

- Once the initial allocation to the new municipality tariffs has been completed, Municipality points of delivery between 25 kVA and 100 kVA will have a choice to be on the Municflex and Municrate tariffs subject to the payment of the applicable conversion charges.

4.4.3. Connection charges

- The connection charge principles applicable to the Megaflex tariff shall apply to Municflex, and the connection charge principles applicable to Businessrate shall apply to Municrate.
- An existing monthly connection shall remain unchanged.

4.4.4. Contracting

- All Eskom contracts indicate that standard tariffs may be amended from time to time as approved by Nersa.
- All customers initially reallocated to this tariff shall be regarded to have been reallocated to a successor tariff. Amendment letters shall be completed for all customers reallocated to the tariff.
- New customer agreements shall reflect the new tariffs.

4.4.5. Compliance with existing policies and rules

- All customers reallocated to the Municflex and Municrate tariffs shall be subject to the existing policies relating to urban customers and any other applicable policies for similar-size customers.

4.4.6. Customer readiness and customer impact assessment tools

The proposed tariff was communicated as part of the 2015/16 retail tariff plan.

Eskom will provide tools for customers to assess the impact of POD reallocations to the Municflex and Municrate tariff.

5. Conclusion

Nersa is requested to approve the rationalisation of the municipality tariffs for implementation in the 2018/19 financial year in terms of the following:

- a) The number of tariff options available to municipalities will be reduced to three tariffs options as follows:
 - (i) Combining the Megaflex, Miniflex, Nightsave Urban Small and Nightsave Urban Large tariffs into one tariff to be called “Municflex” for all municipality large power use points of delivery.
 - (ii) Combining the Businessrate, Landrate and Homepower tariffs into one tariff to be called “Municrate” for all municipality small power use points of delivery.
 - (iii) The Public Lighting tariff to remain as a non-metered tariff for public lighting supplies which are not suitable for a metered tariff.

- (iv) All existing municipalities points of delivery currently allocated to the existing municipality tariffs will be reallocated to either of the two proposed tariffs depending on whether the point of delivery was allocated to an LPU or SPU tariff.
 - (v) The Municflex tariff option will have the same tariff characteristics as the predecessor local authority Megaflex in terms of tariff structure and rates, with the exception that the tariff will now be applicable to points of delivery with an NMD of 25 kVA and above.
 - (vi) The Municrate tariff will have the same tariff characteristics as the predecessor local authority Businessrate tariff structure and rates.
- b) The new tariff options will result in the following tariff characteristics being applicable to municipality customer categories:
- (i) There will no longer be an urban / rural differentiation for municipality points of delivery.
 - (ii) Once the initial allocation to the new municipality tariffs has been completed, municipality points of delivery between 25 kVA and 100 kVA will have a choice to be on the Municflex or the Municrate tariff subject to the payment of the applicable conversion charges.
 - (iii) The remainder of the tariff characteristics will remain unchanged.
- c) The Public Lighting tariff option/characteristics will remain unchanged.
- d) Any revenue impact resulting from the municipality tariff rationalisation will be recovered through the annual price adjustment.
- e) Policies: All Municflex and Municrate customers will be subject to the existing policies relating to urban customers and any other applicable policies for similar-size customers.

All rates in this submission are in 2017/18 rand values. Nersa is also requested to ratify that Eskom publishes these tariffs as part of the schedule of standard tariffs from the 2018/19 financial year in 2018/19 rand values, based on the Nersa-approved price increase for municipalities.

ANNEXURE 1: POINT OF DELIVERY AND CUSTOMER REVENUE IMPACT BASED ON 2017/18 BUDGET FORECAST

The budget forecast scope was as follows:

In this section we look at the impact of individual premises as grouped per their respective revenue difference ranges:

- **>R5million to ≤ R10million**
- There is one POD that will have an increase in revenue of between R5million to R10million; this is a City of Cape Town on a Nightsave Large tariff. The additional revenue for this PoD is R7.5million.
- **>R1million to ≤ R700 000**
 - There are 3 PODs that will have an increase in revenue of between R1million to R700 000; all of these PoDs are on a Miniflex tariff. Average revenue increase per PoD for these PoDs is R740 000.
 - The increase is due to the introduction of Distribution NDC R/kVA.
 - CMD for these PoDs is on a higher side compared to other PoDs on Miniflex.
- **>R10 000 to ≤ R40 000**
 - There are 385 PoDs that will experience an increase in revenue.
 - 287 of these PoDs are on Homepower tariff, 45 Ruraflex, 25 Nightsave Rural, 12 Miniflex 7 Homelight 60A, 1 Landrate 4 and 4 Nightsave Small.
 - 113 of these PoDs are for City of Cape Town.
- **>R - 50million to ≤ R - 10million**
 - There are 4 PoDs that will experience a reduction in revenue.
 - These are the Nightsave Large PoDs with the highest consumption at 3772GW, 328GW, 126GW and 33GW for City of Cape Town, City of Johannesburg, Mkhondo local municipality and Matatiele local municipality respectively.
 - The benefits are from the retirement of EDC and lower off-peak energy rate.
 - The affected PoDs are:
 - The City of Cape Town Nightsave Urban Large with less R34million in revenues after the reallocation to Megaflex.
 - The City Of Johannesburg Nightsave Urban Large PoD number 9052977688 with less R12million in revenues after the reallocation to Megaflex.
 - The Mkhondo Local Municipality Nightsave Urban Large with less R16million in revenues after the reallocation to Megaflex.
 - The Matatiele Local Municipality Nightsave Rural with less R10million in revenues after the reallocation to Megaflex.
- **>R - 10million to ≤ R - 5million**
 - There are 5 PoDs that will experience a reduction in revenue,
 - 4 PoDs are on Nightsave Rural tariff and 1 are on Nightsave Large.
 - The reductions are mainly as a result of EDC and lower off-peak energy rate.
 - On average the reduction in revenue amounts to R6million per PoD

- **> - R6 000 to ≤ - R3 000**
 - 1511 PoDs (15.7%) have annual revenue decreases of -R0.006million (R6 000) to –R0.003million; 1476 are on Landrate tariffs.
- Most of the Rural tariff PoDs experience a reduction.

The breakdown of the revenue impacts is shown in the figure below.

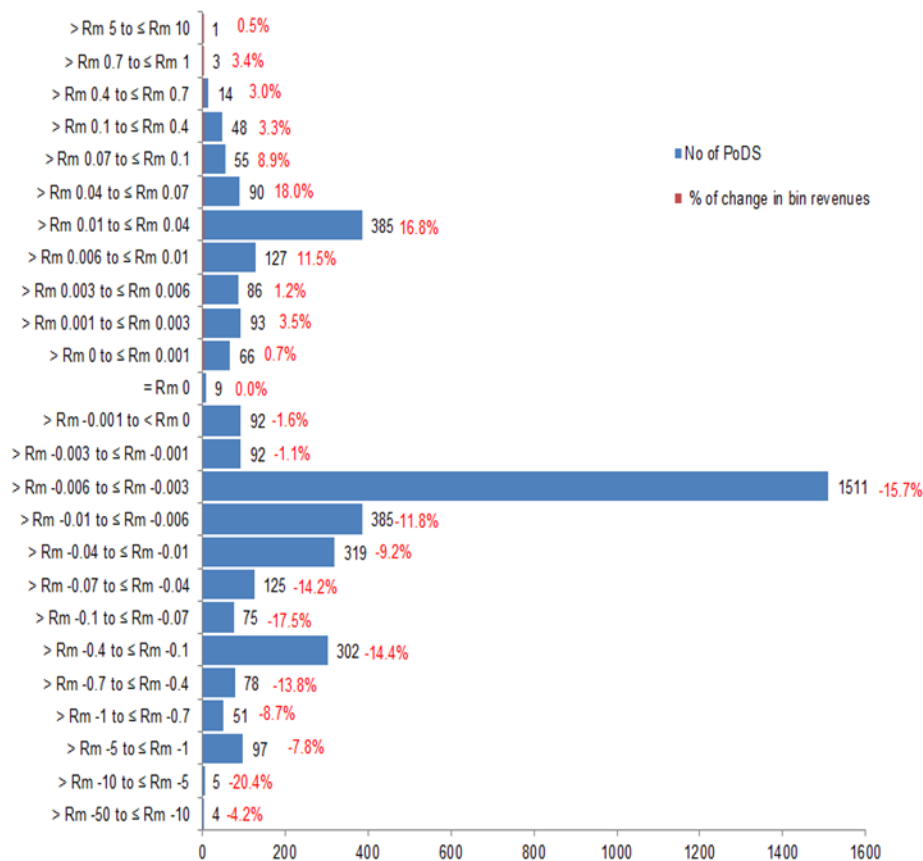


Figure 1: Matrix per tariff impact by number of PODs (based on budget)

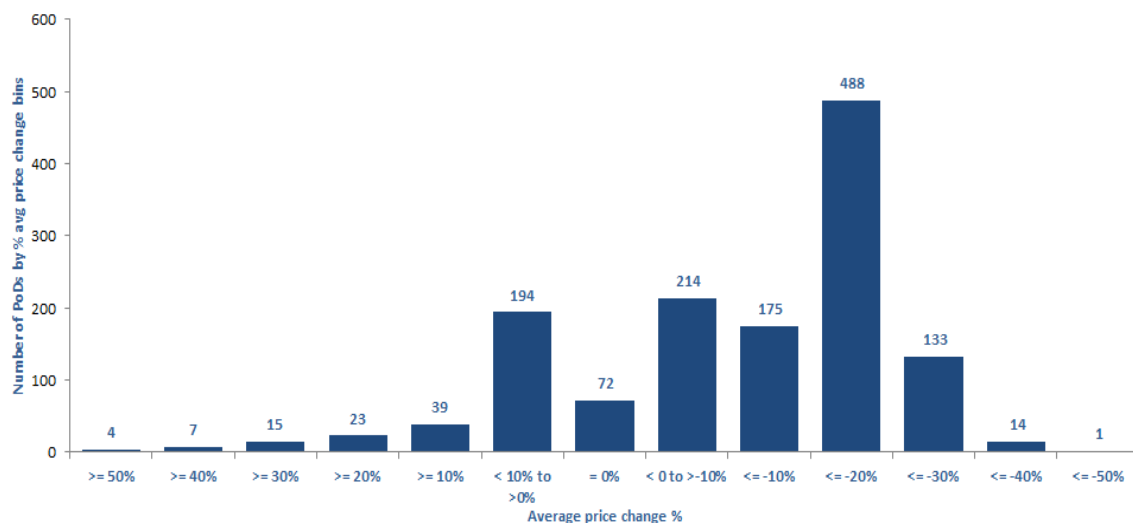


Figure 1 Number of LPU PODs by average price change (%) bins (based on budget)

**ANNEXURE 2: MUNICIPAL IMPACT OF RATIONALISATION ON TOTAL ACCOUNT
BASED ON 2017/18 BUDGET FORECAST**

	MUNICIPALITY (TOTAL ACCOUNT)	EXISTING TARIFF ANNUAL R	NEW TARIFF ANNUAL R	DIFFERENCE R	DIFFERENCE %	DEBT AS AT SEPT 2017
1	!Kheis Local Municipality	Rm0.33	Rm0.25	-Rm0.07	-23%	Rm0.00
2	//Khara Hais Local Municipality	Rm0.05	Rm0.05	Rm0.00	0%	Rm0.00
3	!Kheis Local Municipality	Rm0.49	Rm0.46	-Rm0.03	-5%	Rm0.00
4	Abaqulusi Local Municipality	Rm152.88	Rm146.43	-Rm6.45	-4%	Rm25.00
5	Aganang Local Municipality	Rm0.04	Rm0.04	Rm0.00	-11%	Rm0.00
6	Albert Luthuli Local Municipality	Rm37.54	Rm32.83	-Rm4.71	-13%	Rm19.05
7	Alfred Duma Local Municipality	Rm197.32	Rm195.85	-Rm1.47	-1%	Rm0.00
8	Alfred Nzo District Municipality	Rm8.69	Rm7.83	-Rm0.87	-10%	Rm0.00
9	Amahlathi Local Municipality	Rm5.68	Rm5.18	-Rm0.49	-9%	Rm0.00
10	Amajuba District Municipality	Rm1.98	Rm1.70	-Rm0.28	-14%	Rm0.00
11	Amathole District Municipality	Rm13.26	Rm12.31	-Rm0.94	-7%	Rm0.00
12	Ba-Phalaborwa Local Municipality	Rm96.73	Rm93.09	-Rm3.63	-4%	Rm0.00
13	Beaufort West Local Municipality	Rm54.19	Rm53.58	-Rm0.61	-1%	Rm0.00
14	Bela-Bela Local Municipality	Rm0.26	Rm0.25	-Rm0.01	-6%	Rm0.00
15	Bela-Bela Local Municipality	Rm81.02	Rm81.02	Rm0.00	0%	Rm0.00
16	Bergvriër Local Municipality	Rm69.24	Rm68.92	-Rm0.32	0%	Rm0.00
17	Bitou Local Municipality	Rm107.12	Rm104.82	-Rm2.30	-2%	Rm0.00
18	Blouberg Local Municipality	Rm20.52	Rm15.34	-Rm5.18	-25%	Rm0.00
19	Blue Crane Route Local Municipality	Rm70.33	Rm66.43	-Rm3.90	-6%	Rm0.00
20	Breedee Valley Local Municipality	Rm539.47	Rm539.52	Rm0.05	0%	Rm0.00
21	Buffalo City Metropolitan Municipality	Rm1301.18	Rm1298.07	-Rm3.12	0%	Rm0.00
22	Bushbuckridge Local Municipality	Rm3.43	Rm3.01	-Rm0.41	-12%	Rm0.00
23	Cape Agulhas Local Municipality	Rm66.73	Rm62.79	-Rm3.94	-6%	Rm0.00
24	Cape Winelands District Municipality	Rm0.11	Rm0.09	-Rm0.01	-13%	Rm0.00
25	Capricorn District Municipality	Rm0.86	Rm0.75	-Rm0.11	-13%	Rm0.00
26	Cederberg Local Municipality	Rm35.64	Rm34.72	-Rm0.92	-3%	Rm0.00
27	Chief Albert Luthuli Local Municipality	Rm0.05	Rm0.05	Rm0.00	0%	Rm19.05
28	Chris Hani District Municipality	Rm3.99	Rm3.46	-Rm0.53	-13%	Rm0.00
29	City Of Cape Town Metropolitan Municipality	Rm8365.03	Rm8325.25	-Rm39.78	0%	Rm0.00
30	City Of Johannesburg Metropolitan Municipality	Rm9808.93	Rm9787.19	-Rm21.74	0%	Rm0.00
31	City of Matlosana Local Municipality	Rm49.44	Rm49.37	-Rm0.08	0%	Rm176.53
32	City Of Matlosana Local Municipality	Rm495.24	Rm494.34	-Rm0.91	0%	Rm176.53
33	City of Mbombela Local Municipality	Rm84.76	Rm84.72	-Rm0.04	0%	Rm104.07
34	City of Tshwane Metropolitan Municipality	Rm7442.54	Rm7441.36	-Rm1.18	0%	Rm0.77
35	City of uMhlathuze Local Municipality	Rm915.27	Rm910.71	-Rm4.56	0%	Rm0.00
36	Collins Chabane Local Municipality	Rm0.16	Rm0.16	Rm0.00	0%	Rm0.00
37	Dannhauser Local Municipality	Rm0.57	Rm0.62	Rm0.05	8%	Rm0.00
38	Dawid Kruiper Local Municipality	Rm192.92	Rm192.92	Rm0.00	0%	Rm0.00

39	Dihlabeng Local Municipality	Rm141.05	Rm138.77	-Rm2.27	-2%	Rm165.61
40	Dikgatlong Local Municipality	Rm62.15	Rm62.45	Rm0.30	0%	Rm54.05
41	Dipaleseng Local Municipality	Rm12.76	Rm12.60	-Rm0.16	-1%	Rm28.80
42	Ditsobotla Local Municipality	Rm108.22	Rm107.00	-Rm1.22	-1%	Rm233.91
43	Dr Beyers Naude Local Municipality	Rm1.53	Rm1.44	-Rm0.09	-6%	Rm18.20
44	Dr Beyers Naudé Local Municipality	Rm63.65	Rm60.33	-Rm3.32	-5%	Rm18.20
45	Dr J S Moroka Local Municipality	Rm6.24	Rm5.52	-Rm0.73	-12%	Rm0.00
46	Dr Kenneth Kaunda District Municipality	Rm0.65	Rm0.47	-Rm0.18	-28%	Rm0.00
47	Dr Nkosazana Dlamini Zuma Local Municipality	Rm0.73	Rm0.53	-Rm0.19	-27%	Rm0.00
48	Dr Nkosazana Dlamini-Zuma Local Municipality	Rm0.02	Rm0.02	Rm0.00	-18%	Rm0.00
49	Dr Ruth Segomotsi District Municipality	Rm0.01	Rm0.02	Rm0.01	140%	Rm0.00
50	Drakenstein Local Municipality	Rm623.85	Rm623.82	-Rm0.03	0%	Rm0.00
51	Eden District Municipality	Rm9.13	Rm6.30	-Rm2.83	-31%	Rm0.00
52	eDumbe Local Municipality	Rm15.94	Rm12.65	-Rm3.29	-21%	Rm0.00
53	Ehlanzeni District Municipality	Rm0.00	Rm0.00	Rm0.00	0%	Rm0.00
54	Ekurhuleni Metropolitan Municipality	Rm9158.06	Rm9154.68	-Rm3.39	0%	Rm0.00
55	Elias Motsoaledi Local Municipality	Rm60.70	Rm60.53	-Rm0.17	0%	Rm0.00
56	Elundini Local Municipality	Rm2.74	Rm1.93	-Rm0.81	-29%	Rm0.00
57	eMadlangeni Local Municipality	Rm19.02	Rm19.25	Rm0.23	1%	Rm0.00
58	Emakhazeni Local Municipality	Rm7.01	Rm5.45	-Rm1.56	-22%	Rm43.40
59	Emalahleni Local Municipality	Rm839.89	Rm837.19	-Rm2.70	0%	Rm1302.89
60	Emfuleni Local Municipality	Rm1694.18	Rm1691.77	-Rm2.41	0%	Rm526.11
61	Emnambithi Ladysmith Local Municipality	Rm0.25	Rm0.24	-Rm0.01	-6%	Rm0.00
62	Emthanjeni Local Municipality	Rm6.71	Rm6.03	-Rm0.68	-10%	Rm18.82
63	Endumeni Local Municipality	Rm63.65	Rm63.64	-Rm0.01	0%	Rm0.00
64	Engcobo Local Municipality	Rm0.37	Rm0.36	-Rm0.01	-3%	Rm0.00
65	Enoch Mgijima Local Municipality	Rm201.90	Rm201.32	-Rm0.58	0%	Rm0.00
66	Ephraim Mogale Local Municipality	Rm19.04	Rm19.04	Rm0.00	0%	Rm0.00
67	Ethekwini Metropolitan Municipality	Rm8213.30	Rm8213.07	-Rm0.23	0%	Rm0.00
68	Fetakgomo – Greater Tubatse Local Municipality	Rm8.21	Rm7.03	-Rm1.18	-14%	Rm0.00
69	Gamagara Local Municipality	Rm18.68	Rm18.94	Rm0.26	1%	Rm43.16
70	Ga-Segonyana Local Municipality	Rm61.19	Rm57.30	-Rm3.89	-6%	Rm29.33
71	George Local Municipality	Rm410.73	Rm410.95	Rm0.22	0%	Rm0.00
72	Govan Mbeki Local Municipality	Rm497.65	Rm497.35	-Rm0.30	0%	Rm563.89
73	Great Kei Local Municipality	Rm20.28	Rm19.96	-Rm0.32	-2%	Rm0.00
74	Greater Giyani Local Municipality	Rm3.62	Rm3.55	-Rm0.07	-2%	Rm0.00
75	Greater Kokstad Local Municipality	Rm91.88	Rm89.67	-Rm2.21	-2%	Rm0.00
76	Greater Letaba Local Municipality	Rm0.80	Rm0.65	-Rm0.15	-19%	Rm0.00
77	Greater Taung Local Municipality	Rm2.68	Rm2.43	-Rm0.25	-9%	Rm0.00
78	Greater Tubatse Local Municipality	Rm0.87	Rm0.93	Rm0.05	6%	Rm0.00
79	Greater Tzaneen Local Municipality	Rm332.63	Rm332.17	-Rm0.46	0%	Rm0.00
80	Hantam Local Municipality	Rm20.52	Rm17.53	-Rm2.99	-15%	Rm0.00

81	Harry Gwala District Municipality	Rm5.15	Rm4.13	-Rm1.02	-20%	Rm0.00
82	Hessequa Local Municipality	Rm87.12	Rm81.96	-Rm5.16	-6%	Rm0.00
83	Hibiscus Coast Local Municipality	Rm7.43	Rm7.35	-Rm0.08	-1%	Rm0.00
84	Hlabisa Local Municipality	Rm0.33	Rm0.29	-Rm0.04	-11%	Rm0.00
85	Ilembe District Municipality	Rm18.34	Rm14.05	-Rm4.29	-23%	Rm0.00
86	Imbabazane Local Municipality	Rm0.25	Rm0.22	-Rm0.02	-9%	Rm0.00
87	Impendle Local Municipality	Rm0.26	Rm0.27	Rm0.01	5%	Rm0.00
88	Indaka Local Municipality	Rm0.34	Rm0.34	Rm0.00	-1%	Rm0.00
89	Ingquza Hill Local Municipality	Rm0.07	Rm0.07	Rm0.00	1%	Rm0.00
90	Ingwe Local Municipality	Rm0.15	Rm0.14	-Rm0.01	-6%	Rm0.00
91	Inkosi Langalibalele Local Municipality	Rm178.92	Rm179.73	Rm0.81	0%	Rm0.00
92	Inkwanca Local Municipality	Rm0.04	Rm0.04	Rm0.00	0%	Rm0.00
93	Intsika Yethu Local Municipality	Rm0.16	Rm0.14	-Rm0.01	-9%	Rm0.00
94	Inxuba Yethemba Local Municipality	Rm30.70	Rm30.39	-Rm0.31	-1%	Rm36.22
95	Joe Gqabi District Municipality	Rm1.62	Rm1.10	-Rm0.52	-32%	Rm0.00
96	Joe Morolong Local Municipality	Rm12.73	Rm11.78	-Rm0.95	-7%	Rm0.00
97	John Taolo Gaetsewe District Municipality	Rm0.01	Rm0.02	Rm0.01	186%	Rm0.00
98	Jozini Local Municipality	Rm0.01	Rm0.01	Rm0.00	0%	Rm0.00
99	Kagisano Local Municipality	Rm0.57	Rm0.65	Rm0.08	14%	Rm0.00
100	Kai !Garib Local Municipality	Rm57.75	Rm53.61	-Rm4.14	-7%	Rm101.85
101	Kai !garib Local Municipality	Rm0.81	Rm0.78	-Rm0.03	-4%	Rm101.85
102	Kamiesberg Local Municipality	Rm17.92	Rm14.23	-Rm3.69	-21%	Rm0.00
103	Kannaland Local Municipality	Rm72.45	Rm72.53	Rm0.08	0%	Rm0.05
104	Kareeberg Local Municipality	Rm9.70	Rm7.28	-Rm2.41	-25%	Rm0.00
105	Karoo Hoogland Local Municipality	Rm6.27	Rm4.58	-Rm1.69	-27%	Rm0.00
106	Kgatelopele Local Municipality	Rm15.27	Rm15.55	Rm0.27	2%	Rm10.52
107	Kgetlengrivier Local Municipality	Rm4.46	Rm4.47	Rm0.00	0%	Rm53.94
108	Khâi-Ma Local Municipality	Rm0.30	Rm0.28	-Rm0.02	-7%	Rm0.00
109	King Cetshwayo District Municipality	Rm2.44	Rm2.19	-Rm0.25	-10%	Rm0.00
110	King Sabata Dalindyebo Local Municipality	Rm228.75	Rm223.42	-Rm5.33	-2%	Rm75.03
111	Knysna Local Municipality	Rm157.17	Rm156.16	-Rm1.01	-1%	Rm0.00
112	Kopanong Local Municipality	Rm0.26	Rm0.24	-Rm0.02	-9%	Rm0.00
113	Kouga Local Municipality	Rm189.20	Rm182.36	-Rm6.84	-4%	Rm0.00
114	Koukamma Local Municipality	Rm4.93	Rm3.46	-Rm1.46	-30%	Rm0.00
115	Kou-Kamma Local Municipality	Rm1.89	Rm1.75	-Rm0.14	-8%	Rm0.00
116	Kwa Sani Local Municipality	Rm0.11	Rm0.11	Rm0.00	0%	Rm0.00
117	Kwadukuza Local Municipality	Rm673.14	Rm673.45	Rm0.30	0%	Rm0.00
118	Laingsburg Local Municipality	Rm7.70	Rm5.70	-Rm2.00	-26%	Rm0.00
119	Lekwa Local Municipality	Rm278.68	Rm275.09	-Rm3.59	-1%	Rm374.97
120	Lekwa-Teemane Local Municipality	Rm0.49	Rm0.46	-Rm0.02	-5%	Rm26.95
121	Lepelle-Nkumpi Local Municipality	Rm2.05	Rm1.89	-Rm0.16	-8%	Rm0.00
122	Lephalale Local Municipality	Rm123.78	Rm122.74	-Rm1.04	-1%	Rm0.00

123	Lesedi Local Municipality	Rm192.98	Rm192.66	-Rm0.32	0%	Rm0.00
124	Letsemeng Local Municipality	Rm11.26	Rm8.80	-Rm2.46	-22%	Rm0.00
125	Lim 368 Local Municipality	Rm137.82	Rm134.64	-Rm3.18	-2%	Rm224.41
126	Lukhanji Local Municipality	Rm0.15	Rm0.16	Rm0.01	6%	Rm0.00
127	Madibeng Local Municipality	Rm346.13	Rm345.89	-Rm0.24	0%	Rm72.51
128	Mafikeng Local Municipality	Rm1.35	Rm1.39	Rm0.04	3%	Rm0.00
129	Mafube Local Municipality	Rm0.45	Rm0.45	Rm0.00	0%	Rm61.19
130	Mafube Local Municipality	Rm12.27	Rm12.24	-Rm0.03	0%	Rm61.19
131	Magareng Local Municipality	Rm6.57	Rm5.26	-Rm1.31	-20%	Rm32.69
132	Mahikeng Local Municipality	Rm3.47	Rm2.98	-Rm0.49	-14%	Rm0.00
133	Makana Local Municipality	Rm106.44	Rm103.50	-Rm2.94	-3%	Rm67.17
134	Makhado Local Municipality	Rm0.47	Rm0.43	-Rm0.04	-8%	Rm0.00
135	Makhado Local Municipality (LIM344)	Rm238.19	Rm233.55	-Rm4.64	-2%	Rm0.00
136	Makhuduthamaga Local Municipality	Rm1.02	Rm0.95	-Rm0.07	-7%	Rm0.00
137	Maluti-A-Phofung Local Municipality	Rm472.25	Rm470.76	-Rm1.49	0%	Rm2256.91
138	Mamusa Local Municipality	Rm14.39	Rm11.14	-Rm3.25	-23%	Rm57.82
139	Mandeni Local Municipality	Rm9.18	Rm7.31	-Rm1.87	-20%	Rm0.00
140	Mangaung Metropolitan Municipality	Rm1448.50	Rm1447.10	-Rm1.41	0%	Rm0.00
141	Mantsopa Local Municipality	Rm7.20	Rm7.32	Rm0.12	2%	Rm97.52
142	Maphumulo Local Municipality	Rm0.34	Rm0.35	Rm0.00	1%	Rm0.00
143	Maquassi Hills Local Municipality	Rm76.14	Rm76.26	Rm0.12	0%	Rm0.00
144	Maruleng Local Municipality	Rm0.94	Rm0.87	-Rm0.07	-8%	Rm0.00
145	Masilonyana Local Municipality	Rm10.94	Rm10.73	-Rm0.21	-2%	Rm48.95
146	Matatiele Local Municipality	Rm38.49	Rm28.34	-Rm10.15	-26%	Rm0.00
147	Matjhabeng Local Municipality	Rm423.54	Rm421.34	-Rm2.20	-1%	Rm1504.49
148	Matzikama Local Municipality	Rm100.78	Rm89.55	-Rm11.22	-11%	Rm0.00
149	Mbashe Local Municipality	Rm0.02	Rm0.02	Rm0.00	0%	Rm0.00
150	Mbhashe Local Municipality	Rm0.04	Rm0.04	Rm0.00	0%	Rm0.00
151	Mbizana Local Municipality	Rm18.30	Rm14.31	-Rm3.98	-22%	Rm0.00
152	Mbombela Local Municipality	Rm620.66	Rm607.19	-Rm13.47	-2%	Rm104.07
153	Merafong City Local Municipality	Rm190.88	Rm190.77	-Rm0.10	0%	Rm142.85
154	Metsimaholo Local Municipality	Rm183.20	Rm182.93	-Rm0.27	0%	Rm26.50
155	Mhlontlo Local Municipality	Rm0.17	Rm0.14	-Rm0.03	-18%	Rm0.00
156	Midvaal Local Municipality	Rm228.28	Rm227.54	-Rm0.74	0%	Rm0.00
157	Mier Local Municipality	Rm0.18	Rm0.18	Rm0.00	0%	Rm0.00
158	Mkhambathini Local Municipality	Rm0.62	Rm0.50	-Rm0.12	-20%	Rm0.00
159	Mkhondo Local Municipality	Rm400.35	Rm381.39	-Rm18.96	-5%	Rm74.45
160	Mnquma Local Municipality	Rm0.66	Rm0.66	Rm0.00	0%	Rm0.00
161	Mogalakwena Local Municipality	Rm179.03	Rm179.04	Rm0.00	0%	Rm0.00
162	Mogale City Local Municipality	Rm655.11	Rm655.79	Rm0.68	0%	Rm93.31
163	Mohokare Local Municipality	Rm0.02	Rm0.02	Rm0.00	10%	Rm0.00
164	Molemole Local Municipality	Rm6.08	Rm4.76	-Rm1.32	-22%	Rm0.00

165	Molopo Local Municipality	Rm0.03	Rm0.03	-Rm0.01	-15%	Rm0.00
166	Mopani District Municipality	Rm23.16	Rm17.50	-Rm5.66	-24%	Rm0.00
167	Moqhaka Local Municipality	Rm218.62	Rm216.90	-Rm1.71	-1%	Rm158.98
168	Moretele Local Municipality	Rm0.70	Rm0.69	-Rm0.01	-2%	Rm0.00
169	Moses Kotane Local Municipality	Rm5.11	Rm5.01	-Rm0.10	-2%	Rm0.00
170	Mossel Bay Local Municipality	Rm260.15	Rm258.43	-Rm1.72	-1%	Rm0.00
171	Motheo District Municipality	Rm0.04	Rm0.04	Rm0.00	0%	Rm0.00
172	Mpofana Local Municipality	Rm55.39	Rm55.39	Rm0.00	0%	Rm47.25
173	Msinga Local Municipality	Rm0.63	Rm0.48	-Rm0.15	-24%	Rm0.00
174	Msukaligwa Local Municipality	Rm181.35	Rm175.87	-Rm5.48	-3%	Rm117.95
175	Msunduzi Local Municipality	Rm1451.07	Rm1450.96	-Rm0.11	0%	Rm0.00
176	Mthonjaneni Local Municipality	Rm14.83	Rm11.58	-Rm3.24	-22%	Rm0.00
177	Mtubatuba Local Municipality	Rm0.65	Rm0.58	-Rm0.07	-11%	Rm0.00
178	Musina Local Municipality	Rm80.38	Rm77.88	-Rm2.50	-3%	Rm95.57
179	Nala Local Municipality	Rm42.09	Rm42.32	Rm0.23	1%	Rm163.35
180	Naledi Local Municipality	Rm86.50	Rm85.57	-Rm0.93	-1%	Rm244.50
181	Nama Khoi Local Municipality	Rm70.32	Rm64.00	-Rm6.32	-9%	Rm77.85
182	Ndlambe Local Municipality	Rm45.09	Rm43.87	-Rm1.22	-3%	Rm0.00
183	Ndwedwe Local Municipality	Rm0.52	Rm0.44	-Rm0.08	-15%	Rm0.00
184	Nelson Mandela Bay Metropolitan Municipality	Rm3034.90	Rm3034.73	-Rm0.16	0%	Rm0.00
185	Newcastle Local Municipality	Rm500.29	Rm500.25	-Rm0.03	0%	Rm22.58
186	Ngaka Modiri Molema District Municipality	Rm2.17	Rm1.78	-Rm0.39	-18%	Rm0.00
187	Ngqushwa Local Municipality	Rm0.37	Rm0.40	Rm0.04	10%	Rm0.00
188	Ngwathe Local Municipality	Rm170.30	Rm165.82	-Rm4.48	-3%	Rm818.56
189	Nkandla Local Municipality	Rm8.03	Rm6.19	-Rm1.85	-23%	Rm0.00
190	Nkangala District Municipality	Rm0.07	Rm0.07	Rm0.00	-6%	Rm0.00
191	Nketoana Local Municipality	Rm11.78	Rm11.89	Rm0.11	1%	Rm149.64
192	Nkomazi Local Municipality	Rm190.92	Rm170.35	-Rm20.56	-11%	Rm0.00
193	Nkonkobe Local Municipality	Rm0.22	Rm0.24	Rm0.01	5%	Rm0.00
194	Nongoma Local Municipality	Rm0.08	Rm0.08	Rm0.00	0%	Rm0.00
195	Nquthu Local Municipality	Rm0.05	Rm0.04	-Rm0.01	-20%	Rm0.00
196	Ntabankulu Local Municipality	Rm0.27	Rm0.29	Rm0.02	6%	Rm0.00
197	Ntambanana Local Municipality	Rm0.09	Rm0.08	-Rm0.01	-11%	Rm0.00
198	Nyandeni Local Municipality	Rm0.04	Rm0.05	Rm0.01	28%	Rm0.00
199	O R Tambo District Municipality	Rm5.42	Rm4.86	-Rm0.57	-10%	Rm0.00
200	Okhahlamba Local Municipality	Rm0.81	Rm0.66	-Rm0.15	-18%	Rm0.00
201	Oudtshoorn Local Municipality	Rm137.35	Rm136.82	-Rm0.53	0%	Rm7.57
202	Overberg District Municipality	Rm6.16	Rm5.62	-Rm0.54	-9%	Rm0.00
203	Overstrand Local Municipality	Rm1.29	Rm1.24	-Rm0.05	-4%	Rm0.00
204	Overstrand Local Municipality	Rm207.21	Rm206.71	-Rm0.51	0%	Rm0.00
205	Phokwane Local Municipality	Rm26.14	Rm20.29	-Rm5.85	-22%	Rm2.70
206	Phumelela Local Municipality	Rm22.63	Rm21.62	-Rm1.01	-4%	Rm87.40

207	Pixley Ka Seme District Municipality	Rm46.27	Rm45.25	-Rm1.02	-2%	Rm0.00
208	Polokwane Local Municipality	Rm646.24	Rm645.41	-Rm0.82	0%	Rm0.00
209	Port St. Johns Local Municipality	Rm0.18	Rm0.18	Rm0.00	0%	Rm0.00
210	Prince Albert Local Municipality	Rm9.88	Rm10.24	Rm0.36	4%	Rm0.00
211	Ramotshere Moiloa Local Municipality	Rm41.91	Rm41.87	-Rm0.05	0%	Rm19.23
212	Rand West City Local Municipality	Rm507.78	Rm507.50	-Rm0.28	0%	Rm94.69
213	Ratlou Local Municipality	Rm1.02	Rm0.86	-Rm0.16	-16%	Rm0.00
214	Ray Nkonyeni Local Municipality	Rm90.68	Rm90.37	-Rm0.31	0%	Rm0.00
215	Raymond Mhlaba Local Municipality	Rm9.70	Rm8.38	-Rm1.33	-14%	Rm77.16
216	Renosterberg Local Municipality	Rm0.47	Rm0.37	-Rm0.10	-22%	Rm49.91
217	Richmond Local Municipality	Rm0.37	Rm0.36	-Rm0.01	-3%	Rm0.00
218	Richtersveld Local Municipality	Rm10.00	Rm7.35	-Rm2.65	-27%	Rm0.00
219	Rustenburg Local Municipality	Rm1416.27	Rm1416.28	Rm0.01	0%	Rm0.00
220	Sakhisizwe Local Municipality	Rm14.58	Rm11.14	-Rm3.44	-24%	Rm0.00
221	Saldanha Bay Local Municipality	Rm217.77	Rm211.74	-Rm6.03	-3%	Rm0.00
222	Sedibeng District Municipality	Rm0.11	Rm0.18	Rm0.07	61%	Rm0.00
223	Sekhukhune District Municipality	Rm17.70	Rm14.61	-Rm3.08	-17%	Rm0.00
224	Senqu Local Municipality	Rm2.58	Rm1.93	-Rm0.65	-25%	Rm0.00
225	Setlakgobi Local Municipality	Rm0.01	Rm0.01	Rm0.00	0%	Rm0.00
226	Setsoto Local Municipality	Rm16.41	Rm16.95	Rm0.54	3%	Rm18.92
227	Sisonke District Municipality	Rm2.22	Rm2.04	-Rm0.18	-8%	Rm0.00
228	Siyancuma Local Municipality	Rm2.32	Rm1.82	-Rm0.49	-21%	Rm95.95
229	Siyathemba Local Municipality	Rm14.62	Rm10.82	-Rm3.80	-26%	Rm21.95
230	Sol Plaatje Local Municipality	Rm427.48	Rm427.33	-Rm0.15	0%	Rm0.00
231	Stellenbosch Local Municipality	Rm332.33	Rm331.34	-Rm0.99	0%	Rm0.00
232	Steve Tshwete Local Municipality	Rm294.71	Rm293.46	-Rm1.25	0%	Rm0.00
233	Sundays River Valley Local Municipality	Rm23.79	Rm18.12	-Rm5.67	-24%	Rm0.00
234	Sunday'S River Valley Local Municipality	Rm0.91	Rm0.83	-Rm0.08	-9%	Rm0.00
235	Swartland Local Municipality	Rm170.44	Rm170.59	Rm0.15	0%	Rm0.00
236	Swellendam Local Municipality	Rm44.58	Rm43.02	-Rm1.55	-3%	Rm0.00
237	Thaba Chweu Local Municipality	Rm221.95	Rm217.50	-Rm4.45	-2%	Rm393.52
238	Thabazimbi Local Municipality	Rm59.45	Rm58.29	-Rm1.16	-2%	Rm221.40
239	Theewaterskloof Local Municipality	Rm59.06	Rm59.28	Rm0.22	0%	Rm0.00
240	Thembelihle Local Municipality	Rm0.27	Rm0.25	-Rm0.01	-5%	Rm48.38
241	Thembisile Hani Local Municipality	Rm5.67	Rm4.75	-Rm0.92	-16%	Rm0.00
242	Thulamela Local Municipality	Rm6.26	Rm5.22	-Rm1.04	-17%	Rm0.00
243	Tlokwe Local Municipality	Rm403.36	Rm403.32	-Rm0.04	0%	Rm39.43
244	Tokolologo Local Municipality	Rm6.13	Rm4.53	-Rm1.60	-26%	Rm32.91
245	Tsantsabane Local Municipality	Rm3.25	Rm2.75	-Rm0.50	-15%	Rm78.20
246	Tsolwana Local Municipality	Rm0.01	Rm0.01	Rm0.00	0%	Rm0.00
247	Tswaing Local Municipality	Rm25.31	Rm24.73	Rm0.28	-2%	Rm65.58
248	Tswaing Local Municipality	Rm7.96	Rm8.23	-Rm0.58	3%	Rm65.58

249	Tswelopele Local Municipality	Rm9.15	Rm9.24	Rm0.09	1%	Rm18.53
250	Ubuhlebezwe Local Municipality	Rm1.50	Rm1.06	-Rm0.44	-29%	Rm0.00
251	Ubuntu Local Municipality	Rm1.51	Rm1.19	-Rm0.33	-22%	Rm35.76
252	Ugu District Municipality	Rm74.71	Rm64.92	-Rm9.79	-13%	Rm0.00
253	Ukhahlamba District Municipality	Rm1.59	Rm1.29	-Rm0.30	-19%	Rm0.00
254	Ulundi Local Municipality	Rm66.45	Rm66.45	Rm0.00	0%	Rm70.36
255	Umdoni Local Municipality	Rm3.51	Rm3.20	-Rm0.31	-9%	Rm0.00
256	Umfolozi Local Municipality	Rm0.08	Rm0.13	Rm0.05	69%	Rm0.00
257	Umgungundlovu District Municipality	Rm1.67	Rm1.59	-Rm0.08	-5%	Rm0.00
258	uMhlabuyalingana Local Municipality	Rm0.27	Rm0.25	-Rm0.02	-8%	Rm0.00
259	Umhlatuze Local Municipality	Rm0.22	Rm0.20	-Rm0.02	-11%	Rm0.00
260	Umkhanyakude District Municipality	Rm48.09	Rm40.03	-Rm8.07	-17%	Rm0.00
261	Umlalazi Local Municipality	Rm42.73	Rm33.42	-Rm9.31	-22%	Rm0.00
262	uMngeni Local Municipality	Rm78.95	Rm64.91	-Rm14.03	-18%	Rm0.00
263	Umshwathi Local Municipality	Rm1.10	Rm1.00	-Rm0.10	-9%	Rm0.00
264	Umsobomvu Local Municipality	Rm1.98	Rm1.72	-Rm0.26	-13%	Rm0.00
265	Umtshezi Local Municipality	Rm0.55	Rm0.56	Rm0.01	1%	Rm31.34
266	Umuziwabantu Local Municipality	Rm0.05	Rm0.04	-Rm0.01	-18%	Rm0.00
267	Umvoti Local Municipality	Rm49.07	Rm47.51	-Rm1.56	-3%	Rm0.00
268	Umzimkhulu Local Municipality	Rm0.58	Rm0.59	Rm0.01	1%	Rm0.00
269	Umzimvubu Local Municipality	Rm4.46	Rm3.42	-Rm1.04	-23%	Rm0.00
270	Umzinyathi District Municipality	Rm1.73	Rm1.51	-Rm0.23	-13%	Rm0.00
271	Umzumbe Local Municipality	Rm0.13	Rm0.12	Rm0.00	-4%	Rm0.00
272	Uphongolo Local Municipality	Rm27.01	Rm27.00	-Rm0.01	0%	Rm0.00
273	Uthukela District Municipality	Rm56.41	Rm46.31	-Rm10.09	-18%	Rm0.00
274	Uthungulu District Municipality	Rm17.76	Rm13.99	-Rm3.77	-21%	Rm0.00
275	Ventersdorp Local Municipality	Rm42.35	Rm42.36	Rm0.00	0%	Rm17.46
276	Vhembe District Municipality	Rm97.41	Rm85.39	-Rm12.02	-12%	Rm0.00
277	Victor Khanye Local Municipality	Rm98.16	Rm98.13	-Rm0.04	0%	Rm29.23
278	Vulamehlo Local Municipality	Rm0.18	Rm0.16	-Rm0.01	-8%	Rm0.00
279	Walter Sisulu Local Municipality	Rm60.25	Rm57.56	-Rm2.69	-4%	Rm78.83
280	WEST COAST DISTRICT MUNICIPALITY	Rm23.55	Rm20.82	-Rm2.73	-12%	Rm0.00
281	Witzenberg Local Municipality	Rm169.66	Rm170.54	Rm0.88	1%	Rm0.00
282	Xhariep District Municipality	Rm0.02	Rm0.02	Rm0.00	0%	Rm0.00
283	Zululand District Municipality	Rm13.79	Rm11.66	-Rm2.12	-15%	Rm0.00
	Grand Total	Rm74392.93	Rm73929.77	-Rm463.16		

ANNEXURE 3: POINT OF DELIVERY AND CUSTOMER REVENUE IMPACT BASED ON MYPD3 VOLUMES

The MYPD forecast scope was as follows:

- 3914 points of delivery (0.1% of all Standard tariff PoDs)
- 13.432 TWh of the MYPD3 2017/18 forecasted sales (6% of the total).
- R11.471 billion of the MYPD3 2017/18 Standard tariff revenues (5.8% of the total).

The table below shows the tariff reallocation scope (based on MYPD3 volumes).

	No. of PoDs		Annual submitted forecasted sales (GWh)		Annual submitted revenues (Rm)	
Municipal	11 781	0.2%	101 222 GWh	45.3%	Rm 84 107	42.5%
Reallocated	3 914	0.1%	13 432 GWh	6.0%	Rm 11 471	5.8%
No change to tariff	7 867	0.2%	87 790 GWh	39.3%	Rm 72 637	36.7%
Total	4 872 872	100%	223 219 GWh	100%	Rm 197 925	100%

The following observations can be made:

- In terms of the table above, “municipal” refers to local authority PODs, and “non-municipal” refers to non-local authority PODs.
- There are 11 781 local authority PODs, of which 3 914 PODs (with forecasted sales of 13 432 GWh) will need to be reallocated to the Municflex and Municrate tariffs.
- 7 867 PODs (with forecasted sales of 87 790 GWh) are already on the proposed tariffs in terms of the equivalent tariffs – that is, Megaflex and Businessrate tariffs – and, therefore, will not be changed. Simply a name changes of the tariffs will be effected for these PODs.
- No reallocations will take place in terms of the non-local authority tariffs.

Table 7: Tariff reallocation scope (based on MYPD3 volumes)

The overall revenue change based on the MYPD decision is as follows:

- There is an overall –R586million revenue change due to the Municipal PoDs tariff reallocations.
- There are different impacts from the tariff reallocations and the key trend is that the rural tariffs benefit by converting to urban tariffs but Homepower tariffs experience high increases.
- Due to the introduction of service charges and a higher NCC R/PoD charges, Homepower 1 and Homepower 4 experience increases of 138% and 99% respectively after reallocation to Businessrate.
- Landrate tariffs benefit from the reallocation to the cheaper Businessrate tariffs and this is greater for Landrate 4 at -30% and Landrate 1 at -17%.
- The highest revenue difference is from Nightsave Rural:
 - Nightsave Rural has a 25% reduction in its average price. This is due to the retirement of EDC R/kVA and NDC c/kWh charges with the total revenues of R561m and R314m respectively.

The table below shows the overall revenue difference (based on MYPD3 volumes).

Tariff reallocation impact												
Tariff before conversion	No of PODs	Forecasted Sales	Tariff submission revenues		Tariff simulation revenues		Revenue difference		Tariff submission avg c/kWh	Tariff simulation avg c/kWh	Avg price difference c/kWh	Average price increase
Homepower 1	105	0.00 GWh	Rm	0.78	Rm	1.87	Rm	1.08	167.46c	398.09c	230.63c	138%
Homepower 2	65	0.00 GWh	Rm	2.51	Rm	3.13	Rm	0.62	138.24c	172.62c	34.39c	25%
Homepower 3	25	0.00 GWh	Rm	1.43	Rm	1.74	Rm	0.31	144.47c	175.28c	30.80c	21%
Homepower 4	515	0.01 GWh	Rm	11.38	Rm	22.59	Rm	11.21	136.58c	271.16c	134.57c	99%
Landrate 1	1213	0.01 GWh	Rm	32.26	Rm	26.72	Rm	-5.54	318.08c	263.49c	-54.59c	-17%
Landrate 2	377	0.01 GWh	Rm	21.22	Rm	18.67	Rm	-2.54	192.96c	169.85c	-23.12c	-12%
Landrate 3	254	0.01 GWh	Rm	24.07	Rm	21.76	Rm	-2.31	174.13c	157.40c	-16.72c	-10%
Landrate 4	156	0.00 GWh	Rm	2.81	Rm	1.97	Rm	-0.83	385.84c	271.16c	-114.68c	-30%
Miniflex	96	0.82 GWh	Rm	724.54	Rm	749.99	Rm	25.45	88.86c	91.98c	3.12c	4%
Nightsave Large	113	10.68 GWh	Rm	8 982.31	Rm	8 842.14	Rm	-140.17	84.11c	82.80c	-1.31c	-2%
Nightsave Rural	573	1.49 GWh	Rm	1 851.47	Rm	1 397.29	Rm	-454.18	123.87c	93.49c	-30.39c	-25%
Nightsave Small	247	0.12 GWh	Rm	122.40	Rm	122.50	Rm	0.10	101.81c	101.90c	0.09c	0%
Ruraflex	151	0.28 GWh	Rm	279.91	Rm	260.01	Rm	-19.90	101.78c	94.55c	-7.23c	-7%
	3914	13.43 GWh	Rm	12 057	Rm	11 471	Rm	-586	89.77c	85.40c	-4.36c	-5%
Total Municipal	11781	101.22GWh	Rm	84 694	Rm	84 107	Rm	-586	83.67c	83.09c	-0.58c	-0.7%
Ratio of converted	33%	13%		14%		14%		100%				

Table 8 Overall revenue difference (based on MYPD3 volumes)

The per tariff revenue impact based on MYPD3 volumes was analysed, and the following were the findings:

The table below shows LPU reallocations to Municflex (based on MYPD3 volumes).

	Reallocation of LPU tariffs to Megaflex					
	Miniflex	Nightsave Large	Nightsave Small	Nightsave Rural	Ruraflex	Total
No. of PoDS	96	113	247	573	151	1 180
Forecasted sales (GWh)	815	10 679	120	1 495	275	13 384
Total revenues Submission (Rm)	725	8 982	122	1 851	280	11 961
Total revenues Simulation (Rm)	750	8 842	123	1 397	260	11 372
Total revenues Difference (Rm)	25	-140	0	-454	-20	-589
Submission avg price (c/kWh)	88.86c	84.11c	101.81c	123.87c	101.78c	89.36c
Simulation avg price (c/kWh)	91.98c	82.80c	101.90c	93.49c	94.55c	84.97c
Change in avg. price (%)	3.5%	-1.6%	0.1%	-24.5%	-7.1%	-4.9%
Additional R/kWh per kWh	R 0.03	R -0.01	R 0.00	R -0.30	R -0.07	R -0.04
Difference in energy charges (Rm)	0	-140	0	-405	-8	-553
Difference in Peak c/kWh (Rm)	0	1518	18	214	-3	1748
Difference in Standard c/kWh (Rm)	0	500	6	56	-3	558
Difference in Offpeak c/kWh (Rm)	0	-657	-8	-114	-2	-781
Difference in EDC R/kVA (Rm)	0	-1501	-16	-561	0	-2078
Difference in Network charges	25	0	0	-152	-31	-158
Difference in Tx NAC R/kVA (Rm)	19	0	0	40	8	68
Difference in ancillary c/kWh (Rm)	0	0	0	0	0	0
Difference in Dx NCC R/kVA (Rm)	38	0	0	79	17	133
Difference in NCC R/kVA (Rm)	-57	0	0	-60	-18	-135
Difference in NDC c/kWh (Rm)	-28	0	0	-314	-58	-399
Difference in NDC R/kVA (Rm)	52.5	0	0	103	19	175
Difference in reactive c/kVAh (Rm)	0.5	0	0	0.0	0.3	0.8
Difference in Retail charges	0.03	0.00	0.00	0.18	-0.07	0
Difference in Admin charges R/PoD (Rm)	0.0	0.0	0.0	-0.5	-0.1	-1
Difference in Service charges R/PoD (Rm)	0.0	0.0	0.0	0.7	0.1	1
Difference in ERS (Rm)	-	-	-	103.21	18.99	122

Table 3: LPU reallocations to Municflex (based on MYPD3 volumes)

The table below shows Homepower reallocations to Municrate (based on MYPD3 volumes).

	Homepower tariffs' reallocation to Businessrate				
	Homepower 1	Homepower 2	Homepower 3	Homepower 4	Total
Avg kWh/PoD/mth	372	2323	3307	1348	1362
Number of PoDs	105	65	25	515	710
Submitted annual (GWh)	0.5	1.8	1.0	8.3	11.6
IBT rates' revenues (Rm)	0.8	2.5	1.4	11.4	16.1
Flat rate energy charges revenues (Rm)	0.4	1.7	0.9	21.5	24.6
NDC c/kWh revenues (Rm)	0.06	0.2	0.1	1.1	1.5
Change in NCC R/PoD/day revenues (Rm)	0.5	0.6	0.3	-0.5	0.9
Change in Ancillary revenues (Rm)	0.002	0.007	0.004	0.030	0.042
Total Difference in revenues (Rm)	1.1	0.6	0.3	11.2	13.2
Average price before (c/kWh)	167.46c	138.24c	144.47c	136.58c	138.76c
Average price on Businessrate (c/kWh)	398.09c	172.62c	175.28c	271.16c	252.70c
Change in average price (%)	138%	25%	21%	99%	82%
Additional average rands per kWh	R 2.31	R 0.34	R 0.31	R 1.35	R 1.14

Table 4: Homepower reallocations to Municrate (based on MYPD3 volumes)

The table below shows Landrate reallocations to Municrate (based on MYPD3 volumes).

	Landrate reallocation to Businessrate				
	Landrate 1	Landrate 2	Landrate 3	Landrate 4	Total
No. of PoDS	1 213	377	254	156	2 010
Forecasted sales (GWh)	10.14	10.99	13.83	0.73	35.70
Total revenues before conversion (Rm)	32.26	21.22	24.07	2.81	80.51
Total revenues after conversion (Rm)	26.72	18.67	21.76	1.97	69.16
Total revenues Difference (Rm)	-5.54	-2.54	-2.31	-0.83	-11.35
Before conversion avg price (c/kWh)	318.08c	192.96c	174.13c	385.84c	225.53c
After conversion avg price (c/kWh)	263.49c	169.85c	157.40c	271.16c	193.72c
Change in avg. price (%)	-17.2%	-12.0%	-9.6%	-29.7%	-14.1%
Additional R/kWh	R -0.55	R -0.23	R -0.17	R -1.15	R -0.32
Difference NDC c/kWh (Rm)	-1.0	-1.1	-1.4	-0.1	-3.6
Difference Ancillary c/kWh (Rm)	0.0	0.0	0.0	0.0	0.0
Difference NCC R/PoD (Rm)	-2.7	-0.9	-0.6	-1.1	-5.3
Difference Service R/PoD (Rm)	-1.9	-0.6	-0.4	0.0	-3.0

Table 5: Landrate reallocations to Municrate (based on MYPD3 volumes)

The following figure shows the impact per POD (based on MYPD3 volumes).

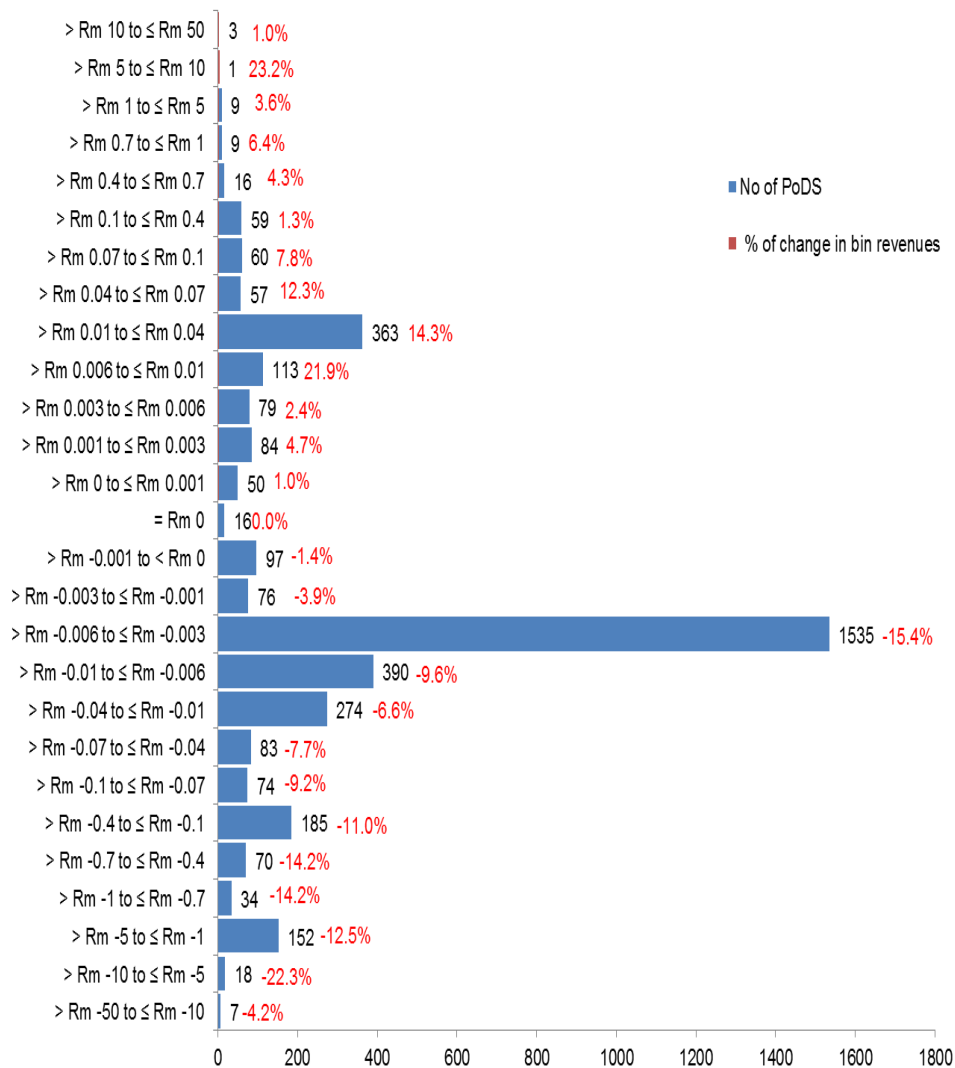


Figure 2: Number of PODs by revenue difference bins

The following figure shows the number of LPU PODs by average price change (%) bins (based on MYPD3 volumes).

ANNEXURE 5: SCHEDULES OF PRICES

MUNICFLEX SCHEDULE OF STANDARD PRICES FOR LOCAL AUTHORITY SUPPLIES – 1 JULY 2017 TO 30 JUNE 2018

1. STANDARD PRICES

The standard prices contained in this schedule to be charged by Eskom for electricity supplied or made available by Eskom to customers, shall, subject to the provisions of the Electricity Regulation Act (Act No. 4 of 2006), or its successor-in-title, be as set out hereunder.

The terms, conditions, and prices contained in this schedule are approved by Nersa and are valid until Eskom's next price increase or tariff changes as approved by Nersa from time to time.

2. DEFINITIONS

For the purpose of this schedule, the following words and phrases shall have the same meanings as assigned to them herein, as applicable.

Account means the invoice received by a customer for a single **point of delivery** (POD) or, if consolidated, multiple **points of delivery** for electricity supplied and/or use of the **system**.

Active energy charge or **energy charge** means the charge for each unit of energy consumed, typically charged for as c/kWh.

Administration charge means the daily fixed charge payable per **POD** to recover administration-related costs such as meter reading, billing, and meter capital. It is based on the **monthly utilised capacity** or **maximum export capacity** of each **POD**.

Ancillary service charge (previously known as the **reliability service charge**) means the charge that recovers the cost of providing ancillary services by the System Operator.

Annual utilised capacity means the higher of the **notified maximum demand (NMD)** or **maximum demand**, per **POD/point of supply**, measured in kVA, and registered during a rolling 12-month period.

Chargeable demand means the highest average demand measured in kVA in a billing month during the chargeable time periods specified for each tariff. For WEPS, Megaflex, and Municflex, the chargeable period is during WEPS, Megaflex, and Municflex's peak and standard periods and, for Nightsave Urban (Large and Small) and Nightsave Rural, during Nightsave's peak periods.

Code means the Distribution Code, the South African Grid Code, the Grid Connection Code for Renewable Power Plants, or any other code, published by Nersa, as applicable, and as amended, modified, extended, replaced, or re-enacted from time to time.

Distribution means the regulated business unit through which Eskom constructs, owns, operates, and maintains the **Distribution system** in accordance with its licence and the **Code**.

Distribution-connected means connected to the **Distribution system**.

Distribution losses charge (previously known as the **network charge rebate**) means the production-based (energy) incentive to generators. The rebate is based on the approved loss (load) factors, the amount of energy produced on a TOU and seasonal basis, and the WEPS energy rate.

Distribution network capacity charge (previously known as the **Distribution network access charge**) means the R/kVA or R/POD fixed network charge raised to recover **Distribution** network costs and, depending on the tariff, is charged on the **annual utilised capacity** or **maximum export capacity**, where **maximum demand** is measured, or the **NMD**, where **maximum demand** is not measured.

Distribution network demand charge means the R/kVA or c/kWh variable network charge raised to recover Distribution network costs and, depending on the tariff, may be charged on the **chargeable demand** or the active energy.

Distribution system means Eskom's network infrastructure consisting of assets operated at a nominal voltage of 132 kV or less, not classified as transmission transformation equipment.

Distribution use-of-system (DUoS) charges mean the network tariffs charged for making capacity available, connecting to, and for the use of, the **Distribution system**. The **DUoS** charges are the source of the **Distribution** network charge components in the retail tariff structures.

DUoS charge (generators) means the **DUoS** charges payable by generators. These **DUoS** charges for generators comprise the **network capacity charge** based on **maximum export capacity**, the **losses charge**, the **ancillary service charge**, the **service charge**, and the **administration charge**.

DUoS charge (loads) means the **DUoS** charges payable by loads. These **DUoS** charges comprise the **network capacity charge**, the **network demand charge**, the **urban low-voltage subsidy charge**, the **ancillary service charge**, the **service charge**, the **administration charge**, and the **electrification and rural network subsidy charge**.

Electrification and rural network subsidy charge means the **DUoS charge** transparently indicating the contribution towards socio-economic network-related subsidies for residential and **Rural_p** tariffs and is payable by loads that use the **Distribution** or **Transmission system** for the delivery of energy.

Energy demand charge means the seasonally differentiated charge per **POD** that recovers peak energy costs and based on the **chargeable demand**.

Embedded Transmission use-of-system (ETUoS) charge means the **TUoS** charges payable by customers connected to the **Distribution** network.

Excess network capacity charge (previously known as the **excess network access charge**) means the charge payable with reference to the **NMD rules** and is based on the demand exceeding the **NMD** multiplied by the **event number** (recorded every time the **NMD** is exceeded) multiplied by the applicable **network capacity charges** for the tariff.

High-demand season means the **TOU** period from 1 June to 31 August of each year.

High-voltage (HV) networks usually consist of equipment supplied at a voltage greater than 22 kV and consist of the distribution substations and networks. A substation is considered an **HV** substation when the primary side of the substation is supplied at a voltage > 22 kV.

Key customer means a customer identified by Eskom as requiring special services or a customer that consumes more than 100 GWh per annum on a contiguous site.

Local authority tariffs mean tariffs applicable to municipal bulk points of supply.

Loss factors mean the factors indicating the cost or benefit of technical energy losses on the **Transmission** and the **Distribution system**. The **Distribution loss factors** differ per voltage category and per **Rural_p** and **Urban_p** categories. The **Transmission loss factors** differ for generators and loads and are based on **Transmission zones**.

Losses charge means the charge payable based on the applicable **loss factors** and the **WEPS** rate, excluding losses.

Low-demand season means the **TOU** period from 1 September to 31 May of each year.

Maximum demand means the highest average demand measured in kVA or kW at the **POD/point of supply** during a 30-minute integrating period in a billing month.

Maximum export capacity (MEC) means the maximum capacity at the **point(s) of supply** notified by the customer and accepted by Eskom for the transmission of electrical energy between a generator and the **Transmission or Distribution system**. *Note: the notification of demand is governed by the **NMD and MEC** rules.*

Medium-voltage (MV) networks consist of networks above 1 kV up to 22 kV. Some rural networks with a voltage of 33 kV have been specifically designated by Eskom as rural reticulation networks. A substation is considered an **MV** substation when the primary side of the substation is supplied at a voltage ≤ 22 kV.

Monthly utilised capacity means the higher of the **notified maximum demand (NMD)** or **maximum demand**, measured in kVA or kW, registered during the billing month.

Network capacity charge (previously known as the **network access charge**) means the R/kVA or R/POD fixed network charge raised to recover network costs and, depending on the tariff, is charged on the **annual utilised capacity** or **maximum export capacity**, where **maximum demand** is measured, or the **NMD**, where **maximum demand** is not measured.

Network charge rebate: see **Distribution losses charge**.

Network demand charge means the R/kVA or c/kWh variable network charge raised to recover network costs and, depending on the tariff, may be charged on the **chargeable demand** or the active energy.

Non-local authority tariffs mean the tariffs applicable to Eskom's direct customers and exclude the **non-local authority tariffs**.

Notified maximum demand (NMD) means the contracted **maximum demand** notified in writing by the customer and accepted by Eskom **per POD/point of supply**. *Note: the notification of demand is governed by the **NMD and MEC rules**.*

NMD and MEC rules mean the rules approved by Nersa and as amended from time to time for the notification of demand or maximum export capacity or changes to, or exceedances of, the **NMD or MEC**.

Off-peak period means the **TOU periods** of relatively low **system** demand.

Peak period means the **TOU periods** of relatively high system demand.

Point of delivery (POD)/point of supply means either a single point of supply or a specific group of points of supply on Eskom's **system** from where electricity is supplied to the customer by Eskom or from where the customer supplies electricity to Eskom's **system**, located within a single substation, at which electricity is supplied to the customer at the same declared voltage and tariff. *Note: this can be a metering or summation point.*

Public holidays mean the treatment of charges on **public holidays**.

Reactive energy charge means a c/kVAh charge based on the power factor and tariff of the **POD**.

Reliability service charge: see **ancillary service charge**.

Residential tariffs mean the Homelight and Homepower suite of tariffs.

Rural_p means areas classified as rural by Eskom for the purposes of tariff design and classification.

Service and administration charge means the monthly charge payable per **account** for service- and administration-related costs. (Also see **service charge** and **administration charge**.)

Service charge means the daily fixed charge payable per **account** to recover service-related costs and is based on the sum of the **monthly utilised capacity** or **maximum export capacity** of all **PODs** linked to an **account**.

Standard period means the **TOU periods** of relatively mid-system demand.

Standard charge/fee means the fees/charges.

System means the **Transmission** and **Distribution** network infrastructure, consisting of all lines and substation equipment.

Time-of-use (TOU) tariff means a tariff with energy charges that change during different **TOU periods** and seasons.

TOU periods mean time blocks based on the volume of electricity demand during high-, mid-, and low-demand periods and may differ per tariff. The **TOU periods** typically are **peak**, **standard**, and **off-peak** periods and differ during **high-** and **low-demand seasons**.

Transmission means the regulated business unit through which Eskom constructs, owns, operates, and maintains the **Transmission system** in accordance with its licence and the **Code**.

Transmission-connected means connected to the **Transmission system**.

Transmission system means Eskom's electricity **system**, consisting of all lines and substation equipment where the nominal voltage is above 132 kV or where the nominal voltage is lower than, or equal to, 132 kV, and there are no **Distribution system** assets.

Transmission use-of-system (TUoS) charges mean the network tariffs charged for making capacity available, connecting to, and for the use of, the **Transmission system**. The **TUoS** charges are the source of the **ETUoS** and the **Transmission network charge** components in the retail tariff structures.

Transmission network access charge means the same as **Transmission network charge**.

Transmission network charge means the network-related **TUoS** charge.

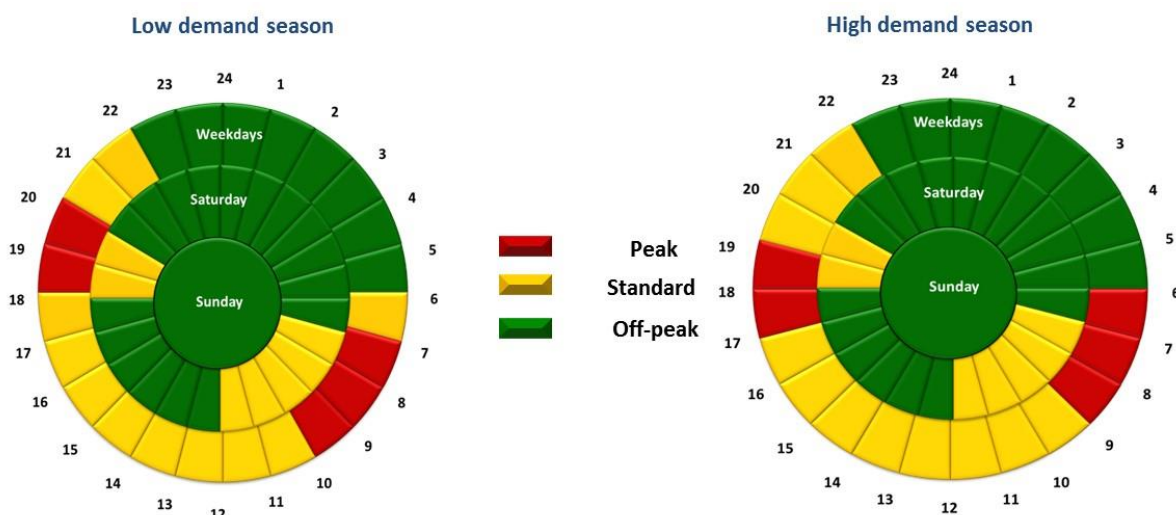
Transmission zone means the geographic differentiation applicable to **Transmission** network charges and **loss factors**, to indicate the costs associated with the delivery and **transmission** of energy.

Urban_p areas mean areas classified by Eskom as urban for the purposes of tariff design and classification.

Urban low-voltage subsidy charge means the charge transparently indicating the network-related cross-subsidy payable by ≥ 66 kV **Urban_p**-connected supplies for the benefit of < 66 kV-connected **Urban_p** supplies.

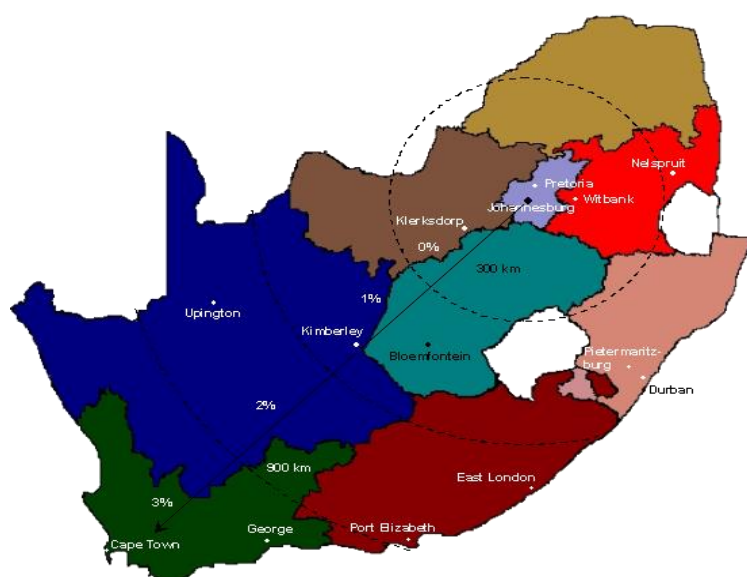
Utilised capacity means the same as **annual utilised capacity**.

3. TIME-OF-USE PERIODS



4. TRANSMISSION ZONES

≤ 300 km	0%
> 300 km and ≤ 600 km	1%
> 600 km and ≤ 900 km	2%
> 900 km	3%



5. NMD AND MEC RULES AND CHARGES PAYABLE IN THE EVENT OF AN NMD EXCEEDANCE

The NMD and MEC rules, as amended from time to time with the approval of Nersa, set out the rules relating to notification, changes, and exceedance of the **NMD and MEC**. For the rules, please go to www.eskom.co.za/tariffs.

5.1. Charges applicable for exceedance of the NMD

An exceedance of the **NMD** will impact the following charges (as applicable): the **Distribution network capacity charge**, the **network capacity charge**, the **Transmission network charge**, and the **urban low-voltage subsidy charge**.

The amount payable through the **excess network capacity charge** in the event of an exceedance is calculated on the number of times the **NMD** is exceeded multiplied by the portion of the demand exceeding the **NMD** multiplied by the sum of the **Distribution network capacity charge** and the **Transmission network charge** and, if applicable, the **urban low-voltage subsidy charge** for the respective tariffs.

6. PUBLIC HOLIDAYS

The table below indicates the treatment of public holidays in terms of the following tariffs, namely, Nightsave (Urban Large and Small), WEPS, Megaflex, Municflex, Megaflex Gen, and Miniflex tariffs, for the period 1 April 2017 to 30 June 2018. The appropriate seasonally differentiated energy charges, energy demand charges, and network demand charges will be applicable on these days. Any unexpectedly announced public holiday not listed below will be treated as the day of the week on which it falls.

- The following public holidays will always be treated as a Sunday for Miniflex, Megaflex, Megaflex Gen, and WEPS tariffs: New Year's Day, Good Friday, Family Day, Christmas Day, and the Day of Goodwill. All other days will be treated as a Saturday, unless they fall on a Sunday, in which case they will be treated as a Sunday.
- All public holidays for the Nightsave Rural, Ruraflex, and Ruraflex Gen tariffs will be treated as the day of the week on which they fall.

Date	Day	Actual day of the week	TOU day treated as	
			Nightsave Urban Large, Nightsave Urban Small	Megaflex, Miniflex, WEPS, Megaflex Gen*
27 April 2017	Freedom Day	Thursday	Sunday	Saturday
1 May 2017	Workers Day	Monday	Sunday	Saturday
16 June 2017	Youth Day	Friday	Sunday	Saturday
9 August 2017	National Women's Day	Wednesday	Sunday	Saturday
24 September 2017	Heritage Day	Sunday	Sunday	Sunday
25 September 2017	Public Holiday	Monday	Sunday	Saturday
16 December 2017	Day of Reconciliation	Saturday	Sunday	Saturday
25 December 2017	Christmas Day	Monday	Sunday	Sunday
26 December 2017	Day of Goodwill	Tuesday	Sunday	Sunday
1 January 2018	New Year's Day	Monday	Sunday	Sunday
21 March 2018	Human Rights Day	Wednesday	Sunday	Saturday
30 March 2018	Good Friday	Friday	Sunday	Sunday
2 April 2018	Family Day	Monday	Sunday	Sunday
27 April 2018	Freedom Day	Friday	Sunday	Saturday
1 May 2018	Worker's Day	Tuesday	Sunday	Saturday
16 June 2018	Youth Day	Saturday	Sunday	Saturday

* Previously known as Genflex Urban

7. VAT

The standard prices as specified in this schedule include value-added tax (VAT) at the prescribed tax rate of 14%. In cases of electricity supplies where the said tax is not applicable or partly or wholly exempt, the customer concerned will be informed in writing of the effective prices payable.

The charges and rates, excluding VAT, are also shown, as these are used in the monthly electricity account to calculate the individual tariff charges before VAT is added on. This is done for the convenience of the customer, so as to facilitate the claiming of input tax, where applicable, and to allow for part exemptions and zero rating.

8. CHARGES PAYABLE MONTHLY

All electricity accounts payable by a customer in terms of this schedule shall be rendered monthly by Eskom and shall be payable monthly in accordance with the provisions of the electricity supply agreement. If, in terms of the electricity supply agreement, meter readings are made at three-monthly intervals, Eskom shall render provisional accounts for the months in which no meter reading is made, based on the monthly consumption in the previous three-monthly period or on an estimated amount, and a final account, incorporating an adjustment of the provisional accounts, based on the actual consumption for the period.

If the commencing date or the termination date of any supply is such that the supply was available for a portion of a month, then the monthly charges payable in terms of this schedule shall be calculated pro rata to the portion of a month of 30 days during which the supply was available.

In addition to the charges payable in terms of this schedule, a connection charge and/or standard charges/fees may be raised for costs not recovered through the tariff charges for the provision of new or additional capacity or for additional services rendered to the customer.

9. MUNICFLEX CHARACTERISTICS

TOU electricity tariff for Urban_p customers with an NMD of 25 kVA and above, with the following charges:

- Seasonally and **time-of-use** differentiated c/kWh **active energy charges**, including losses, based on the voltage of supply and the **Transmission zone**
- Three **time-of-use** periods, namely, **peak**, **standard**, and **off-peak**
- The treatment of **public holidays** for the raising of the **active energy charge** and the **network demand charge**
- A R/kVA/month **Transmission network charge** based on the voltage of the supply, the **Transmission zone**, and the **annual utilised capacity** measured at the **POD** applicable during all time periods
- A R/kVA/month **Distribution network capacity charge** based on the voltage of the supply and the **annual utilised capacity** measured at the **POD** applicable during all time periods
- A R/kVA/month **Distribution network demand charge** based on the voltage of the supply and the **chargeable demand** measured at the **POD** applicable during **peak** and **standard** periods
- A R/kVA **urban low-voltage subsidy charge** based on the voltage of the supply and charged on the **annual utilised capacity** measured at the **POD** applicable during all time periods
- A c/kWh **ancillary service charge** based on the voltage of the supply applicable during all time periods

- A R/account/day **service charge** based on the **monthly utilised capacity** of each **account**
- A R/POD/day **administration charge** based on the **monthly utilised capacity** of each **POD** linked to an **account**
- A c/kVAh **reactive energy charge** supplied in excess of 30% (0.96 power factor or less) of the kWh recorded during the **peak** and **standard** periods; the excess reactive energy is determined per 30-minute integrating period and accumulated for the month and will only be applicable during the **high-demand season**
- A c/kWh **electrification and rural network subsidy charge**, applied to the total active energy measured at the **POD** in the month
- A c/kWh **affordability subsidy charge** applied to the total active energy purchased from Eskom at the **POD** in the month – applicable to **non-local authority** tariffs only
- Additional charges in the event of an **NMD** exceedance and in accordance with the **NMD rules**

10. RATES

Municflex tariff	Local authority
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		Active energy charge [c/kWh]												Transmission network charges [R/kVA/m]	
Transmission zone	Voltage	High demand season [Jun - Aug]						Low demand season [Sep - May]							
		Peak VAT incl	Standard VAT incl	Off Peak VAT incl	Peak VAT incl	Standard VAT incl	Off Peak VAT incl								
≤ 300km	< 500V	279.71	318.87	85.11	97.03	46.44	52.94	91.58	104.40	63.20	72.05	40.28	45.92	R 7.79	R 8.88
	≥ 500V & < 66kV	275.30	313.84	83.41	95.09	45.29	51.63	89.81	102.38	61.81	70.46	39.22	44.71	R 7.11	R 8.11
	≥ 66kV & ≤ 132kV	266.61	303.94	80.76	92.07	43.86	50.00	86.97	99.15	59.87	68.25	37.97	43.29	R 6.92	R 7.89
	> 132kV*	251.27	286.45	76.12	86.78	41.33	47.12	81.96	93.43	56.41	64.31	35.79	40.80	R 8.76	R 9.99
> 300km and ≤ 600km	< 500V	281.99	321.47	85.43	97.39	46.38	52.87	91.99	104.87	63.33	72.20	40.17	45.79	R 7.83	R 8.93
	≥ 500V & < 66kV	278.05	316.98	84.23	96.02	45.74	52.14	90.71	103.41	62.43	71.17	39.60	45.14	R 7.18	R 8.19
	≥ 66kV & ≤ 132kV	269.22	306.91	81.55	92.97	44.28	50.48	87.82	100.11	60.44	68.90	38.33	43.70	R 6.97	R 7.95
	> 132kV*	253.77	289.30	76.89	87.65	41.74	47.58	82.77	94.36	56.98	64.96	36.14	41.20	R 8.84	R 10.08
> 600km and ≤ 900km	< 500V	284.80	324.67	86.28	98.36	46.84	53.40	92.90	105.91	63.95	72.90	40.57	46.25	R 7.93	R 9.04
	≥ 500V & < 66kV	280.85	320.17	85.07	96.98	46.20	52.67	91.63	104.46	63.03	71.85	40.00	45.60	R 7.24	R 8.25
	≥ 66kV & ≤ 132kV	271.96	310.03	82.37	93.90	44.73	50.99	88.69	101.11	61.04	69.59	38.72	44.14	R 7.03	R 8.01
	> 132kV*	256.32	292.20	77.66	88.53	42.16	48.06	83.62	95.33	57.55	65.61	36.51	41.62	R 8.96	R 10.21
> 900km	< 500V	287.66	327.93	87.15	99.35	47.33	53.96	93.84	106.98	64.58	73.62	40.98	46.72	R 7.97	R 9.09
	≥ 500V & < 66kV	283.66	323.37	85.92	97.95	46.66	53.19	92.52	105.47	63.68	72.60	40.38	46.03	R 7.31	R 8.33
	≥ 66kV & ≤ 132kV	274.70	313.16	83.22	94.87	45.19	51.52	89.60	102.14	61.66	70.29	39.12	44.60	R 7.08	R 8.07
	> 132kV*	258.84	295.08	78.45	89.43	42.63	48.60	84.48	96.31	58.15	66.29	36.91	42.08	R 9.03	R 10.29

* 132 kV or Transmission connected

Distribution network charges					
Voltage	Network capacity charge [R/kVA/m]		Network demand charge [R/kVA/m]		Urban low voltage subsidy charge [R/kVA/m]
	VAT incl	VAT incl	VAT incl	VAT incl	VAT incl
< 500V	R 15.54	R 17.72	R 29.45	R 33.57	R 0.00
≥ 500V & < 66kV	R 14.25	R 16.25	R 27.01	R 30.79	R 0.00
≥ 66kV & ≤ 132kV	R 5.10	R 5.81	R 9.42	R 10.74	R 12.48
> 132kV / Transmission connected	R 0.00	R 0.00	R 0.00	R 0.00	R 12.48

Voltage	Ancillary service charge [c/kWh]	
	VAT incl	VAT incl
< 500V	0.36	0.41
≥ 500V & < 66kV	0.35	0.40
≥ 66kV & ≤ 132kV	0.33	0.38
> 132kV / Transmission	0.31	0.35

Customer categories	Service charge [R/account/day]		Administration charge [R/POD/day]	
	VAT incl	VAT incl	VAT incl	VAT incl
> 1 MVA	R 177.48	R 202.33	R 80.00	R 91.20
Key customers	R 3 477.93	R 3 964.84	R 111.07	R 126.62

Reactive energy charge [c/kVAh]			
High season		Low season	
VAT incl	VAT incl	VAT incl	VAT incl
12.49	14.24	0.00	0.00

Electrification and rural network subsidy charge [c/kWh]	
VAT incl	VAT incl
6.91	7.88

MUNICRATE STANDARD SCHEDULE OF PRICES FOR LOCAL AUTHORITY SUPPLIES – 1 JULY 2017 TO 30 JUNE 2018

1. STANDARD PRICES

The standard prices contained in this schedule to be charged by Eskom for electricity supplied or made available by Eskom to customers, shall, subject to the provisions of the Electricity Regulation Act (Act No. 4 of 2006), or its successor-in-title, be as set out hereunder.

The terms, conditions, and prices contained in this schedule are approved by Nersa and are valid until Eskom's next price increase or tariff changes as approved by Nersa from time to time.

2. DEFINITIONS

Account means the invoice received by a customer for a single **point of delivery** or, if consolidated, multiple points of delivery for electricity supplied and/or use of the **system**.

Active energy charge or energy charge means the charge for each unit of energy consumed, typically charged for as c/kWh.

Ancillary service charge (previously known as the **reliability service charge**) means the charge that recovers the cost of providing ancillary services by the System Operator.

Maximum demand means the highest average demand measured in kVA or kW during a 30-minute integrating period in a billing month.

Non-local authority tariffs mean the tariffs applicable to Eskom direct customers and exclude the **local authority tariffs**.

Network access charge means the R/kVA or R/POD fixed network charge raised to recover Distribution network costs and, depending on the tariff, is charged on the **annual utilised capacity**, where **maximum demand** is measured, or the **NMD**, where **maximum demand** is not measured.

Network demand charge means the c/kWh variable network charge raised to recover Distribution network costs and, depending on the tariff, may be charged on the chargeable demand or the active energy.

Notified maximum demand (NMD) means the contracted **maximum demand** notified in writing by the customer and accepted by Eskom.

Point of supply, point of delivery (POD) means either a single point of supply or a specific group of points of supply on Eskom's system from where electricity is supplied to the customer by Eskom or from where the customer supplies electricity to Eskom's system, located within a single substation, at which electricity is supplied to the customer at the same declared voltage and tariff. Note: this can be a metering or summation point.

Rural_p means areas classified as rural by Eskom for the purposes of tariff design and classification.

Service and administration charge means the monthly charge payable per account for service- and administration-related costs. (Also see service charge and administration charge.)

Urban_p areas mean areas classified by Eskom as urban for the purposes of tariff design and classification.

3. CHARACTERISTICS OF THE MUNICRATE TARIFF

Suite of electricity tariffs for supplies with an NMD of up to 100 kVA, with the following charges:

- A single c/kWh **active energy charge** measured at the **POD**
- A R/day **network capacity charge** based on the **NMD (size)** of the supply
- A c/kWh **network demand charge** based on the active energy measured at the **POD**
- A c/kWh **ancillary service charge** based on the active energy measured at the **POD**

- A R/day **service and administration charge** for each **POD**, which charge shall be payable every month, whether any electricity is used or not, based on the applicable daily rate and the number of days in the month

The Muncrate tariff is made up of a range of tariffs, as follows:

Muncrate 1	Single-phase 16 kVA (80 A per phase) Dual-phase 32 kVA (80 A per phase) Three-phase 25 kVA (40 A per phase)
Muncrate 2	Dual-phase 64 kVA (150 A per phase) Three-phase 50 kVA (80 A per phase)
Muncrate 3	Dual-phase 100 kVA (225 A per phase) Three-phase 100 kVA (150 A per phase)
Muncrate 4	Single-phase 16 kVA (80 A per phase) Three-phase 25 kVA (40 A per phase)

4. RATES

Muncrate tariffs										Local authority
	Energy charge [c/kWh]		Ancillary service charge [c/kWh]		Network demand charge [c/kWh]		Network capacity charge [R/POD/day]		Service and administration charge [R/POD/day]	
	VAT incl		VAT incl		VAT incl		VAT incl		VAT incl	
Muncrate 1	95.77	109.18	0.36	0.41	13.27	15.13	R 19.04	R 21.71	R 16.30	R 18.58
Muncrate 2	95.77	109.18	0.36	0.41	13.27	15.13	R 32.10	R 36.59	R 16.30	R 18.58
Muncrate 3	95.77	109.18	0.36	0.41	13.27	15.13	R 55.47	R 63.24	R 16.30	R 18.58
Muncrate 4	257.71	293.79	0.36	0.41	13.27	15.13				

5. CHARGES PAYABLE MONTHLY

All electricity accounts payable by a customer in terms of this schedule shall be rendered monthly by Eskom and shall be payable monthly in accordance with the provisions of the electricity supply agreement. If, in terms of the electricity supply agreement, meter readings are made at three-monthly intervals, Eskom shall render provisional accounts for the months in which no meter reading is made, based on the monthly consumption in the previous three-monthly period or on an estimated amount, and a final account, incorporating an adjustment of the provisional accounts, based on the actual consumption for the period.

If the commencing date or the termination date of any supply is such that the supply was available for a portion of a month, then the monthly charges payable in terms of this schedule shall be calculated pro rata to the portion of a month of 30 days during which the supply was available.

In addition to the charges payable in terms of this schedule, a connection charge and/or standard charges/fees may be raised for costs not recovered through the tariff charges for the provision of new or additional capacity or for additional services rendered to the customer.

6. VALUE-ADDED TAX

The standard prices as specified in this schedule include value-added tax (VAT) at the prescribed tax rate of 14%. In cases of electricity supplies where the said tax is not applicable or partly or wholly exempt, the customer concerned will be informed in writing of the effective prices payable.

The charges and rates, excluding VAT, are also shown, as these are used in the monthly electricity account to calculate the individual tariff charges before VAT is added on. This is done for the convenience of the customer, so as to facilitate the claiming of input tax, where applicable, and to allow for part exemptions and zero rating.