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Mr Nceba Ncunyan
The Municipal Manager
Buffalo City Metro Municipality
P O Box 134
EAST LONDON
5200

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Dear Mr Ncunyan

ELECTRICITY TARIFFS FOR THE PERIOD 1 JULY 2024 – 30 JUNE 2025

1. Your application dated 26 March 2024 and a revised one on 26 June 2024 refers.
2. The Energy Regulator at its meeting held on 16 May 2024 decided that municipal tariffs should be assessed based on the cost of supply studies submitted by the licensee and a cost breakdown structure, for those without the cost of supply study. Consequently, the Energy Regulator considered your application for a tariff increase for the period 1 July 2024 - 30 June 2025 and approved the tariffs as follows:

Scale 1C - Domestic and Commercial 70A, Single Phase

| Inclining Block Tariffs | |
|---|------|
| Part 1 - First 50 kWh. Charge per kWh | Free |
| Part 2 - Charge per kWh (c/kWh) | 2,31 |
| Part 3 - Charge per kWh >300 kWhs purchased (c/kWh) | 2,66 |

Regulator Members:

Mr T Bukula (Chairperson) Ms Z Mpungose (Deputy Chairperson) *Adv NP Sithole (Chief Executive Officer)
*Mr N Gumede *Ms N Maseti *Mr MW Mkhize Ms T Semane Mr FK Sibanda Ms PN Sibiya
*Full-Time Regulator Members

Scale 1B - Prepayment Non-Indigent Domestic and Commercial 70A, Single Phase Two Part Tariff

| Inclining Block Tariffs | |
|---|-------|
| Part 1 - First 50 kWh. Charge per kWh (c/kWh) | 2,67 |
| Part 2 - Charge per kWh >2000 kWh's purchased (c/kWh) | 3,204 |
| Basic Charge (R/Month) | 376 |

Scale 2B - Prepayment Small Power User Two Part Tariff

| | |
|--|------|
| Small Power Users Domestic and Commercial 50kVA. Max 70A Three Phase | |
| Part 1 - Charge per kWh (c/kWh) | 3,20 |
| Basic Charge (R/Month) | 1035 |

Scale 3C - Prepayment Large Power User

| | |
|--|---------|
| Large Power Users (80kVA up to 150kVA Commercial / Industrial) , Min 100A, | |
| Part 1 - Charge per kWh | 3,425 |
| Basic Charge (R/Month) | 2251,00 |

Indigent & Pensioners Domestic Credit Credit Metered, Two Part Block Tariff

| | |
|---|-------|
| Domestic and Commercial 70A, Single Phase | |
| Part 1 - First 50 kWh. Charge per kWh | free |
| Part 2 - Charge per kWh (c/kWh) | 2,830 |

Scale 1A - Domestic and Commercial 1 Phase Supply (70A) Two Part Tariff

| | |
|--|-------|
| Large Power Users (80kVA up to 150kVA Commercial / Industrial) , Min 100A, | |
| Part 1 - Charge per kWh (c/kWh) | 3,090 |
| Basic Charge (R/Month) | 664 |

Scale 2A - Small Power Users Domestic and Commercial 50kVA. 70A Three Phase Three Part Tariff

| | |
|---|------|
| | |
| Part 1 - Charge per kWh (c/kWh) supplied; and | 2,73 |
| Basic Charge (R/Month) | 595 |
| Demand Charge (R/kVA) | 0,00 |

EL0200 - Alternative Flat Rate Tariff for Existing Small Power Metered Business Customers Where

| | |
|--|------|
| KVA is not being measured by existing installed metering equipment | |
| Part 1 - Charge per kWh (c/kWh) supplied; and | 4,26 |

Scale 2A - Non Profit Registered Companies (As per above technical criteria)

| | |
|---|------------------|
| | |
| Charge per kWh supplied; and | Redundant Tariff |
| Basic charge per month | Redundant Tariff |
| *Note - Customers to migrate to a 2A billing tariff | Redundant Tariff |

Scale 3A - Large Power Users - (80kVA-800kVA) and above. Supply at a nominal voltage of 400V

| | |
|------------------------|---------|
| | |
| Basic Charge (R/Month) | 5400,00 |
| Demand Charge (R/kVA) | 360,00 |
| Energy Charge (c/kWh) | 1,8626 |



Scale 3A - Non Profit Registered Companies (As per above technical criteria)

| | |
|------------------------|------------------|
| | |
| Basic Charge (R/Month) | Redundant Tariff |
| Demand Charge (R/kVA) | Redundant Tariff |
| Energy Charge (c/kWh) | Redundant Tariff |

Scale 3B - Large Power Users - 1MVA and above. Supply at a nominal voltage of 11kV

| | |
|------------------------|-------|
| | |
| Basic Charge (R/Month) | 25000 |
| Demand Charge (R/kVA) | 375 |
| Energy Charge (c/kWh) | 1,43 |

Scale 3B - Non Profit Registered Companies (As per above technical criteria)

| | |
|--|----------------------------|
| | Recommended Tariffs |
| Basic Charge (R/Month) | Redundant tariff |
| Demand Charge (R/kVA) | Redundant tariff |
| Energy Charge (c/kWh) | Redundant tariff |
| *Note - Customers to migrate to a 3B billing tariff | |

Scale 4A - Time-Of-Use [Minimum Requirement: 400V 80 KVA up to 800 KVA]

| | |
|---|----------------------------|
| | Recommended Tariffs |
| Basic charge per month or part thereof (payable whether or not any electricity is used) (R/Month) | 6249,883 |
| Monthly maximum Demand Charges during peak or standard periods (R/kVA/m) | |
| During low demand months (R/kVA) | 229,364 |
| During high demand months (R/kVA) | 253,105 |
| Active Energy Charges / kwh (c/kWh) | |
| Low Demand (Sept - May) - Peak | 3,304 |
| Standard | 2,120 |
| Off Peak | 1,320 |
| High Demand (June - Aug) - Peak | 5,966 |
| Standard | 2,320 |
| Off Peak | 1,650 |
| Reactive Energy Charge. Standard 30 minute integrating periods. (R.cents/kvarh) | 0,290 |

Scale 4B - Time-Of-Use [Minimum Requirement: 11kV. 1 MVA but < 10 MVA Supply]

| | Recommended Tariffs |
|---|----------------------------|
| Basic charge per month or part thereof (payable whether or not any electricity is used) (R/Month) | Redundant tariff |
| Monthly maximum Demand Charges during peak or standard periods (R/kVA/m) | Redundant tariff |
| During low demand months (R/kVA) | Redundant tariff |
| During high demand months (R/kVA) | Redundant tariff |
| Active Energy Charges / kwh (c/kWh) | Redundant tariff |
| Low Demand (Sept - May) - Peak | Redundant tariff |
| Standard | Redundant tariff |
| Off Peak | Redundant tariff |
| High Demand (June - Aug) - Peak | Redundant tariff |
| Standard | Redundant tariff |
| Off Peak | Redundant tariff |
| Reactive Energy Charge. Standard 30 minute integrating periods. (R.cents/kvarh) | Redundant tariff |

Scale 4C - Time-Of-Use [Minimum Requirement: 11kVA > 10 MVA Supply]

| | Recommended Tariffs |
|---|----------------------------|
| Basic charge per month or part thereof (payable whether or not any electricity is used) (R/Month) | 51484,0934 |
| Monthly maximum Demand Charges during peak or standard periods (R/kVA/m) | |
| During low demand months (R/kVA) | 149,1142 |
| During high demand months (R/kVA) | 399,8592 |
| Active Energy Charges / kwh (c/kWh) | |
| Low Demand (Sept - May) - Peak | 2,1937 |
| Standard | 1,4495 |
| Off Peak | 1,1565 |
| High Demand (June - Aug) - Peak | 3,9764 |
| Standard | 1,5620 |
| Off Peak | 1,1621 |
| Reactive Energy Charge. Standard 30 minute integrating periods. (R.cents/kvarh) | 0,2660 |

Scale TOU - IDZ (ESKOM municipal TOU tariff with a 2,5% surcharge)

| | Recommended Tariffs |
|---|---------------------|
| Service Charge (R/Account/Day) | 7883,850 |
| Administration Charge (R/POD/Day) | 251,770 |
| Monthly maximum Demand Charges during peak or standard period | 21,370 |
| Network Capacity Charge (R/KVA/M) | 11,550 |
| Urban low voltage subsidy charge (R/KVA/M) | 28,290 |
| Transmission network charges (R/KVA/M) | 15,940 |
| Ancillary Service Charge (c/kWh) | 0,730 |
| Electrification and rural network subsidy charge (c/kWh) | 0,160 |
| Active Energy Charges / kwh (c/kWh) | |
| Low Demand (Sept - May) - Peak | 2,010 |
| Standard | 1,384 |
| Off Peak | 0,878 |
| High Demand (June - Aug) - Peak | 6,126 |
| Standard | 1,870 |
| Off Peak | 1,010 |
| Reactive Energy Charge. Standard periods. 30 minute integrating period. | |
| High Season Only (Jun-Aug) (c/kVAh) | 0,25 |
| 2,5% Surcharge (IE all costs depicted in (a-o) X 2,5%) as approved | 0,03 |

Scale 5 - Streetlighting

| | Recommended Tariffs |
|--|---------------------|
| Basic charge per streetlighting luminaire per month, plus (R/Month) | 23,21 |
| A Demand charge per month, Rand per KW Installed plus | 2,85 |
| Energy charge: Streetlighting (c/kWh) | 2,46 |
| Energy Charge-Traffic Signals: for all electricity supplied in a month (c/kWh) | 2,97 |

Scale 8 - Sportsfield lighting and Schools

| | Recommended Tariffs |
|---|---------------------|
| Energy Charge (R/Month) | |
| First 2000 kWh (c/kWh) | 5,12 |
| Next 8000kWh (c/kWh) | 3,76 |
| Above 10 000 kWh (c/kWh) | 5,35 |
| Minimum charge per month, or part thereof | |
| Vacant Land Availability Charge | 3,16 |

3. The Energy Regulator further directs as follows:

- 3.1 The municipality to submit a report accounting for all the costs that have been noted in its COS study, to enable the Regulator to perform its independent verification/audit process by 30 September 2024;



- 3.2 The municipality to submit an audited financial report that reflects the impact of its cost of supply based tariffs on customers, as well as on the licensee's sustainability and local economy by 30 September 2024.
- 3.3 The municipality must provide NERSA with a Specific, Measurable, Achievable, Realistic and Time-bound (S-M-A-R-T) energy losses reduction plan, which will ensure that energy losses are reduced to acceptable levels (below 12%). An appropriate budget with clear timelines needs to be allocated and spent in support of this. The implementation of this strategic plan, together with its budget must be monitored on a quarterly basis and reported to NERSA commencing 30 September 2024.

SSEG

4. NERSA has duly considered and noted the application submitted for approval the Small Scale Embedded Generators (SSEG) tariff. The application could not be approved because NERSA lacks both statutory and regulatory jurisdiction over the proposed activity between yourself and the Small Scale Embedded Generators.

Wheeling tariffs

5. Considering that NERSA decisions are administrative action and rationality is one of the tests, the wheeling tariffs could not be approved because there is no methodology in place to enable just and fair decision which can be sustained if challenged.
6. Please note that in terms of the National Energy Regulator Act, 2004 (Act No. 40 of 2004), National Energy Regulator is entrusted to perform all the functions that the National Electricity Regulator used to perform, and amongst others, to review and approve tariff increase proposals by all licensed distributors of electricity in South Africa. Implementation of tariffs without approval of the Energy Regulator is a contravention of the license conditions issued to you.
7. It is therefore important that provision is made in your planning / budgeting cycle to allow time for the submission of applications for future changes or increases to NERSA for consideration.
8. Should you have any enquiries please do not hesitate to contact Maria Matlhaku in the Electricity Pricing and Tariffs Department on (012) 401 4056 or email: maria.matlhaku@nersa.org.za

Yours sincerely



Advocate Nomalanga Sithole
Chief Executive Officer

Date: 28/06/2024