safcei SOUTHERN AFRICAN FAITH COMMUNITIES' ENVIRONMENT INSTITUTE

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RE: ESKOM's FY2022/23 application for a 20.5% tariff increase.

Dear Mr Charles Hlebela Head of Communications

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SAFCEI's comments on ESKOM's FY2022/23 tariff application.

Thank you for the opportunity to comment on ESKOM's annual application for a tariff increase. SAFCEI appreciates the delicate balancing act that NERSA has to play in deciding on what is fair and reasonable for electricity customers while approving a tariff that reflects a prudent cost for an efficient electricity supply.

SAFCEI has submitted written comment as well as attend hearings over almost a decade to appeal to NERSA to keep electricity tariffs affordable for low income households (LIHHs). Despite this, we are seeing year on year excessive tariff increases. Such increases in tariff costs are a clear indication of a failing electricity service.

The demands on tariffs to resolve ESKOM's funding issues is a false economy for Eskom and pushes the burden of its untenable financial debt onto electricity customers, who are least able to bear this cost.

Our national electricity supply chain from generation through distribution to tariff structures needs a substantive review and change to address South Africa's developmental needs and future trajectory. For these reasons, our objection to the current 20.5% tariff increase is an urgent appeal to NERSA to initiate and push for a process with the responsible governmental agencies to review and revise the national electricity supply chain.

1 EXECUTIVE SUMMARY:

- **Expensive electricity is exclusive electricity and is in direct opposition to our national ideology and goals to remove discrimination and barriers to opportunity.**

  SAFCEI believes that the current reliance on excessive tariff increases to resolve many of the energy issues is wrong. Because of this approach two sets of electricity customers are being lost to the national electricity system. An increasing number of registered Low Income households (LIHHs) are no longer able to access electricity for their basic needs. At the same time, more affluent commercial and domestic consumers are reducing their demand on ESKOM by installing independent generation. The increasing need to improve subsidised access to LIHHs and the loss of revenue from consumers, who are now installing own generation to ensure a reliable supply, threatens to compromise the ability of Local Authorities (LAs) to provide a sustainable electricity service.

As tariffs are revised upward systems such as Free Basic Electricity (FBE) and subsidised Inclining Block (IB) tariffs designed to provide relief to LIHHs are increasingly ineffective. The Municipal Finances Act requires Local Authorities (Las) to collect revenue to provide essential services. In the past, this was achieved by LAs making a profit on the sale of electricity to cross- subsidise LIHHs and to maintain the distribution grid. ESKOM's rapidly increasing electricity prices undermines the ability of local authorities to maintain and expand their electricity infrastructure. Price increases are also collapsing the cross -subsidy model as high income consumers switch to own generation.

While ESKOM is being challenged to move to a Just Energy Transition, in reality an energy transition that is just requires a new system between all actors and agencies involved in generation, distribution and consumption including a review of tariffs and new methods to subsidise energy poor households.

There are six key reasons for appealing to NERSA not to approve ESKOM's 20.5% tariff increase which will over burden electricity consumers.

Firstly, the Electricity Regulation Act, which mandates NERSA's responsibilities requires the achievement of several objectives including: *safeguarding the needs of customers*; and *facilitating universal access to electricity.* Globally, access to electricity is increasingly regarded as a basic human right and an important contributor to socio-economic development. High electricity tariffs directly contradict the above objectives. The FBE system of 50kWhs per household is generally regarded as inadequate, and in addition it is not reaching most of the eligible households. It is essential that annual electricity increases do not marginalise and further impoverish consumers.

In the current economic situation with high unemployment LIHHs have less income to spend on healthy food as they are forced to spend more on electricity (and transport). **27% of children in South Africa under 5 years old are severely** malnourished *"eroding their physical health and cognitive development and undermining their education and economic prospects…."* (South African Child Gauge 2020 by UCT Children's Institute) This leaves a legacy of South Africans not able to reach their full potential and to take their place actively in society. To further emphasize this, research conducted by SAFCEI in 2019 indicates that households of average income are having to make difficult decisions between, food, travel and electricity. Parents with young children choose between buying electricity and age appropriate food for their young children.

Treasury in conjunction with ESKOM, LAs, SALGA and COGTA need to ensure that all qualifying LIHHs get their intended FBE as a priority, and with NERSA look at a revised system of providing an adequate basic electricity subsidy to LIHHs. "Broken Promises" a PARI research report on the status of FBE details out how existing Treasury funding for FBE is not reaching many of the intended LIHHs.

Secondly, notwithstanding inefficiency, corruption, and as reported, sabotage, ESKOM is also the `victim' of political interference.

The need to transform ESKOM so that it is fit for purpose for South Africa in the context of a global energy transition is being deliberately handbraked by vested interests in coal and nuclear and by a lack of trust that a transformed ESKOM will indeed serve us all.

Discussions about a transformed ESKOM date back to the early 2000s. 20 years later all we see are delayed opportunities, sadly resulting in old and high maintenance generation and debilitating debt.

Thirdly, the responsibility for ESKOM's reduction in generation capacity to keep up with demand needs to be shared with the DMRE. Without the delays in the REIPPP programme caused by the DMRE, South Africa would have had increased generation capacity and ESKOM would have been in a position to buy RE from more IPPs and reduce the need for load shedding and running expensive peaking plants. NERSA needs to seek to use its authority to remove red tape to pro-actively support a RE industry through removing the cap on RE, and providing guidelines for SSEG, wheeling and energy storage. This will provide LAs with opportunities to buy cheaper RE electricity from a range of IPPs, including community ownership, as well as developing their own RE generation.

Fourthly, even while ESKOM claims that its debt is a barrier to getting funding for new RE generation, **both DMRE and NERSA are approving processes for the procurement of expensive new generation from Karpowerships and nuclear energy, as well as the extension of the Koeberg nuclear power plant**.

Fifthly, for **NERSA to review the commercial tariffs for the energy intensive users** involved in export. Are they paying a fair share? According to ESKOM CEO Andre de Ruyter: *"Even with a 20% annual increase in the tariff, the reality is that Eskom prices will still be at the bottom third of comparable international electricity prices. This does not make too much sense, particularly for our export sector, which consumes electricity to produce commodities priced in US dollars and compete with companies who pay in US dollars for their electricity input."* (1)

Ironically South Africa also carries the CO_2 burden of these `cheap energy' exported products as a result of our dependence on coal power. By allowing other countries to offset their carbon budgets by buying cheap energy from South Africa at below competitive prices, means that affordability of energy for LIHHs and a just energy transition becomes increasingly unlikely, and negatively impacts South Africa's future.

Sixth, look for `out of the box' funding solutions to reduce ESKOM's debt as well as mechanisms so that defaulting LAs and government agencies pay their ESKOM bills. ESKOM has received repeated bail-outs from Treasury and that this is not sustainable. However, ESKOM's current high debt repayment liability is also diverting critical funds from essential maintenance of power plants and the transmission network.

Conclusions:

1. NERSA needs to initiate and push for a process with the responsible governmental agencies to review and revise the national electricity supply chain.
2. NERSA needs to acknowledge that high electricity tariffs and the current inadequacy of the FBE system and subsidised IBT is impacting the health and wellbeing of LIHHs.
3. Treasury in conjunction with LAs, SALGA and COGTA need to ensure that all qualifying LIHHs get their intended FBE as a priority and then with NERSA look at a revised system of providing an adequate basic electricity subsidy to LIHHs.
4. NERSA needs to review electricity tariffs for the intensive energy sector especially those involved in export and the carbon offsetting market.
5. NERSA needs to use its authority to remove red tape to pro-actively support a RE industry through removing the cap on RE, and providing guidelines for SSEG, wheeling and on energy storage.
6. NERSA and DMRE need to refocus on RE which will provide affordable new electricity generation within 2 to 3 years and not to proceed with permissions for unaffordable new generation from Karpowerships and nuclear energy. SAFCEI would like to see the funds currently allocated for a future nuclear build programme re-allocated to ESKOM to get a reliable power plant maintenance programme running NOW.
7. Look for out of the box funding solutions to reduce ESKOM's debt burden and payments to ESKOM by defaulting LAs.

RESPONSES TO NERSA's QUESTIONS.

1 Stakeholder Question 1: General comments.

1.1 SAFCEI has submitted written comment as well as attending hearings over almost a decade to appeal to NERSA to keep the tariffs affordable for low income households. Considering years of ESKOM's rapidly increasing tariffs as well as the effective 17.5% increase in tariffs to municipalities in 2021 and now an application for a 20.5% increase for 2022, it appears as if our appeals are falling on deaf ears. If a 20.5 % increase is approved for 2022, the effective tariff for municipalities is even higher!

1.2 Given the financial strain placed on society and the economy by the lockdown response to Covid, and the resulting desperate increase in unemployment and poverty, an increase of this magnitude is ethically unacceptable and realistically unaffordable. At most the increase should be in line with the current inflation rate and realistically less.

1.3 Even well run municipalities are no longer able to cushion their residents and businesses from excessive electricity price increases. The consequences include:

- Increasing pressure to steal electricity.
- Increasing service debt as households default on service fees and rates.

- Poor households spending less on critical items such as healthy food as they are forced to spend more on energy with significant negative implications for mental and physical development of children in LIHHs.
- Increasing unemployment as energy costs reduce the viability of businesses.
- Reduction in consumption of ESKOM electricity by consumers who can shift to alternative energy.
- Less electricity bought by affluent consumers limits the ability of municipalities to provide a cross subsidy to low income electricity consumers.
- Less funds available to maintain the electricity distribution network.
- Increase in 'stranded' customers who can't afford increasing tariffs.

1.4 **Incremental changes rather than big bang changes are viable.** Ironically, this is the heading on page 4 of ESKOM's response to NERSA's proposed review of the MYPD5 methodology. It rings an even louder bell for electricity customers who can no longer afford ESKOM's **big bang tariff increases**. Such tariff increases are totally at odds with the intention of the MYPD method *to: ensure reasonable tariff stability and smoothed changes over time consistent with socio economic objectives of the Government.* Key socio economic objectives of the Government expressed in the ERA are universal access to energy and enabling economic development.

1.5 **Unacceptable tariff increases are not ONLY caused by ESKOM's decisions. They are also a consequence of poor leadership by all agencies responsible for affordable reliable electricity supply. This needs to change, and NERSA has a role to play.** Bad decisions resulting in unaffordable electricity supply can be laid at the feet of far too many officials in governmental departments and institutions. These include:

- officials at DMRE and NERSA who are still making decisions to procure expensive electricity (e.g. Nuclear and Karpowerships). The cost of preferred solar and wind bidders in the REIPPP5 programme stands at 37.5c and at 34.4c per kWh respectively. (2) (It is disingenuous for DMRE to keep referring to the costly first rounds of the REIPP as the benchmarks for RE.) *Using LNG, powerships produce electricity at a cost of about R1.70/kWh*. (3) In their 2021 02 report for NERSA on the Ministerial Determination on the procurement of 2500 MW new nuclear generation, the Energy Systems Research Group at UCT found that: *The rationale for new nuclear as outlined in the NERSA questions (for example, the stated need for baseload power) is baseless. Secondly, the best available information currently, including all of our own analysis, as well as the IRP itself, indicates that new nuclear capacity is not cost effective, does not feature as part of a least cost system, and is not competitive with other options*. (4)

- National Treasury officials who reduced the budget for electricity distribution in a Covid cost cutting measure BUT increased the budget for

NECSA for future nuclear generation sent a sad message to all in South Africa battling right now with access to electricity.

- While FBE and the IBT system were designed to provide subsidised electricity to vulnerable households and to buffer against ESKOM's drive for cost of supply tariffs, these processes are ineffective. The PARI report Broken Promises (5) demonstrates that Treasury funds allocated to LAs for FBE is not reaching many of the households that qualify. Officials at COGTA and SALGA are not adequately overseeing the FBE system to ensure that municipalities allocate it correctly. In addition, ESKOM has made an application, still under review by NERSA, to do away with the IBT for its Homelite customers.

1.6 The application of the MYPD Methodology should incentivise cost savings and efficient and **prudent procurement** by the licensee (Eskom). But, at what stage does ESKOM get to have a say in prudent generation procurement? Please correct us if we are wrong, but it appears that the DMRE in consultation with NERSA determine new generation types and capacity. Only then does ESKOM enter the negotiations. If DMRE and NERSA issue determinations and approvals for expensive generation, such as Karpowerships and nuclear energy, this will of necessity be reflected in ESKOM's Power Purchase Agreement with IPPs and subsequently the electricity tariffs.

1.7 While President Ramaphosa and ESKOM senior management have spoken about the need to transform ESKOM to improve its efficiency and management as well as to significantly increase the uptake of cost effective RE, these processes are being stalled. The Cop 26 Climate Funding offers a real opportunity to speed up the transition to a JET. NERSA needs to step up to the challenge and out of the coal clouds blocking the vision of an energy future based on clean RE offering opportunities for jobs with dignity and entrepreneurship in the smart technologies that partner RE. NERSA needs to take a pro-active role by removing restrictive red tape and by drafting policies and guidelines for SSEG, storage and battery management and wheeling etc. NERSA needs to remove the artificial cap on RE.

1.8 **SAFCEI believes that NERSA can play a far stronger role in ensuring access to affordable energy for vulnerable households as well as small business**. The links between energy poverty and poverty are well established. NERSA is mandated by the ERA to set up forums **"***as may be necessary to advise the Regulator on matters affecting customers or end users in general, or a category of customers or end users in particular"*. While a decision on ESKOM's 2022 tariff application may not be delayed, SAFCEI appeals to NERSA to set up a Forum to facilitate an inter-governmental solution to the increasing unaffordability of electricity to municipalities and to LIHHs. We could even ask why such a forum has not already been set up?

2 Stakeholder Question 2: SAFCEI will answer those questions where we believe SAFCEI has the competence to add value.

2b*) What discretion does NERSA have on the treatment of operating costs, in particular workforce costs*? On one hand, there are acknowledged skills shortages at the level of senior technical and plant management at ESKOM. On the other, ESKOM admits that it is overstaffed and is on a trajectory to reduce staff amounting to about 6000 employees over time. (6) In spite of the urgency to reduce unnecessary expenditure, pushing too fast for a reduction in staff may be counter productive considering the concerns by Unions that a JET may not take adequate account of worker's needs. It is important to acknowledge that an inefficient ESKOM with expensive and unreliable electricity supply stifles the economy adding to existing high unemployment across the entire job market.

In viewing operating costs, it needs to be noted that the move to transition ESKOM into a more effective, sustainable and affordable electricity supplier has been on the table for years. As has the need for competition to improve efficiency. See the National Treasury Report on Administered Prices ELECTRICITY in 2003 /4. (7) Years later in 2021 the World Economic Forum ranks South Africa as 5th LAST out of 115 countries worldwide for preparedness for a transition to clean energy. (8) Old King Coal is slowing a necessary energy transition. Nevertheless, support for a JET is growing, all be it too slowly because of a lack of pro-active support from political leaders. Embedded in the JET process is the acknowledgement that No Worker Will Be Left Behind. Workers displaced from old power stations will be reskilled for redeployment.

2d*) What discretion does NERSA have on sales forecasting?* Sales forecasting requires operational reliability and a surplus supply capacity. André de Ruyter is open about the problems of ESKOM's old coal power *stations "which have been run far harder than international norms and have not been maintained as they should have been. In addition, the new generation plants,* Medupi *and Kusile, have design defects that will take time and money to address. Eskom has publicly stated that the country currently has a generation capacity deficit of 4,000MW.* "(1)

Given this lack of reliability of much of ESKOM's coal fleet and the desperately slow and stop start pace of installing new generation, sales forecasting is no longer predictable. Once again, inadequate generation capacity is the consequence of political interference, poor past maintenance and bad decisions in new build processes. Examples include corruption and ANC Investment House involvement in Medupi and Kusile and the delay in signing off the completed REIPP3 generation projects which also delayed the roll out of new REIPP rounds. To forecast sales, NERSA would need to determine the Energy Availability Factor (EAF). The target for this financial year was 70%. (9) However, Eskom's EAF up to the first week of December stood at an average of 62.25%. According to its **weekly system status report** — its lowest level ever recorded, also reaching a low of 56% in November. NERSA has also acknowledged the underperformance of the EAF. **It is therefore essential that the RCA process needs to be removed from the MYPD model**. Reduced sales due to load shedding can not ethically be supported by a claw back of costs in following years. Neither should the costs of Peaking Plants which are run to off set load shedding be to the account of electricity users. These costs are not based on efficient supply and should not be recoverable by ESKOM through tariffs.

2e) ***How should NERSA deal with the issue of fraud and corruption given that this is a forward looking application****?* Far too often, perpetrators of fraud and corruption don't appear to face appropriate consequences. Is it outside NERSA's brief to motivate that such crimes are to be treated as treason due to the costs to South African society? Most certainly, the instances exposed by ESKOM and the Zondo commission need to be fast tracked for prosecution with real consequences, including paying back the money.

2f) Stakeholders are requested to comment on the utilisation of Eskom's fleet and how that should be factored in the revenue determination. g) Stakeholders are requested to comment on the imprudence / inefficiency of Eskom and how such imprudence/inefficiency should be addressed. It is clear that a history of inadequate maintenance is a major issue impacting efficiency. JP Landman, Political & Trend Analyst stated that: *The bottom line is that most of Eskom's plant is old and poorly maintained and the new plants are poorly built.* (9). This comment is supported by Mike Rossouw, CEO of Energy Thought Leaders who previously served five years as an independent director of NERSA. Rossouw claims that "*Eskom would not be able to correct its operational problems and rid the country of load-shedding unless it disposed of Arnot, Camden, Grootvlei, Hendrina, and Komati power stations as these five coal-fired power stations are so old and dysfunctional they pose a threat to the country's energy security"*. (10) It is even more disturbing that these 5 power stations, which are competing for limited maintenance funds with other plant that could be effectively maintained, are also on the list of coal fired plants exceeding the national air pollution standards. Apart from impacting energy security, they are a direct health risk to local communities and a financial burden on hospitals and clinics dealing with the resulting lung ailments of people living close to these power stations.

Energy Expert Chris Yelland also commented that: *Old plants are unreliable and unpredictable and their performance is extremely poor.* He hosted a webinar on 2021 12 07 about effective maintenance which included ESKOM's Jan Oberholtzer, and reps from SASOL, the SA Development Bank and Babcock SA. All concluded that ESKOM, following a dedicated maintenance programme, with adequate finances, skilled ESKOM staff linking with specialist power plant consultants could turn the maintenance issues around. ESKOM CEO Andre de Ruyter has commented in the media that ESKOM has problems with incompetent maintenance contractors. It is clear that to achieve effective maintenance, and an improved EAF, the contracting process needs to prioritise the required skills and not let policies about the lowest price contract override this priority. NERSA and the relevant government departments need to support ESKOM to achieve this.

h) On all the above how should NERSA exercise its discretion in this regard and specifically regarding this application*?* Given the urgency to get maintenance of reliable plants back to functional levels, **SAFCEI would like to see the funds currently being allocated for a future nuclear build programme be re-allocated to ESKOM to get a reliable power plant maintenance programme running NOW.** It is unreasonable for vulnerable consumers to foot excessive tariff increases to pay for priority maintenance.

Given the questionable maintenance track record which has left a legacy of failing plant, a critical infrastructure maintenance plan needs to be drawn up by ESKOM with specialist power plant consultants and NERSA's oversight.

Furthermore, NERSA should establish a task team to review the different consumer tariff categories. ESKOM complains repeatedly that in spite of rapid tariff increases, it is still selling electricity at below cost of supply. De Ruyter argues that: *"Even with a 20% annual increase in the tariff, the reality is that Eskom prices will still be at the bottom third of comparable international electricity prices. This does not make too much sense, particularly for our export sector, which consumes electricity to produce commodities priced in US dollars and compete with companies who pay in US dollars for their electricity input".* Legacy contracts with customers in the intensive energy user group in particular need to be reviewed.

Stakeholder Question 3:

3 a) ***Stakeholders are requested to comment on how the Energy Regulator can objectively deal with these additional revenues in the applied for revenue determination*.** With respect, SAFCEI, other NGOs and Civic Bodies have been calling on NERSA to revise the RCA / Revenue Claw Back process for years. This needs to be addressed as a matter of urgency. Ethically, consumers should not be charged for underperformance by ESKOM or ESKOM's over-estimation of consumption. This situation arises partially as a consequence of ESKOM's monopoly on generation, a situation which needs to be addressed by increasing generation by IPPs as well as by local authorities. Given the reasons in 2d above for why it is no longer possible to predict sales forecasting and the history of ESKOM over -estimating electricity consumption, NERSA needs to remove the RCA requirement from the MYPD5 methodology.

3b) ***Stakeholders are requested to comment on the impact of the proposed Eskom revenues as shown in Table 1 above and how should this impact be mitigated****.* See also the answers on mitigation measures in 3d below. For years' consumers have been asked to please support ESKOM through a tight patch so that ESKOM's revenue can get back on track and tariffs will then stabilise. SAFCEI no longer believes this narrative. ESKOM's tariff escalations are unaffordable and deigning many people access to energy. As such ESKOM's tariff trend does not meet the Constitutional goals of a developmental state. Instead of being an enabler of development, health, safety, communication and general wellbeing ESKOM's electricity is now limiting people's access to the benefits of modern energy. South Africa is notorious for our high Gini – Coefficient. Escalating energy prices are exacerbating this and increasingly shifting South Africa to a country with energy haves and energy have nots. The cost of large differences between haves and have nots is food insecurity for LIHHS, social instability, and civil unrest not unlike the July riots.

3c) What would be the most acceptable stable increase for the economy, affordable by and what is the basis of such acceptable increase*?* An acceptable increase would be linked to an existing cost of living measure such as the consumer price index (CPI).

3d) ***What would be the fairest increase that can reduce the impact of energy costs on households*****?** In the past, National Treasury called for electricity increases to be at the level of cost of living increases. STATS SA reported a CPI of 5.5 % for 2021 (12). That said, for many households even 5.5% is unaffordable. This begs the question, to what extent should ESKOM be required to subsidise the electricity of LIHHs? Subsidies are essential to ensure that everyone has access to the developmental benefits of affordable energy, but subsidies create distortions in the cost of supply mechanisms and at scale can impact the revenue required to operate an efficient energy supply system. This applies to municipalities as well as to ESKOM. Other agencies, such as National Treasury working with COGTA and SALGA need to offer a range of effective subsidy services. However, corruption and incompetent management undermining the current FBE system needs to be addressed to ensure the Treasury funds go to the intended recipients. One option is to ringfence the FBE funding and make it a non- discretionary fund. Please refer to the recommendation at 4.3 below for NERSA to set up a forum to address affordability with the relevant stakeholders. Other options are to remove VAT from Lifeline tariffs and to introduce time of use tariffs to shift demand to a more even distribution which reduces the costs of expensive peaking plants. Red tape needs to be removed and replaced with opportunities, where appropriate, for mini-grid type community owned generation and distribution.

3e) ***What is stakeholder view on the rationality of the RCA mechanism and its impact on price stability and how can this impact be managed****?* As in the comment on 3a, the RCA mechanism is an unethical claim on consumers to subsidise underperformance by ESKOM and needs to be abolished.

4 Summary of key comments:

4.1 A 20.5 % tariff increase is unacceptable as it loads consumers with the consequences of a range of bad energy management decisions and does not reflect the cost of supply charges of a **well run and efficient service**. Not all of the bad energy procurement/ lack of procurement decisions are of ESKOM's making. For example, the stalling of the RE programme from 2015 to 2018 slowed new generation build programmes and has contributed to the reduced EAF today.

4.2 The economic costs and impacts on the health and wellbeing of LIHHs of ESKOM's increasing tariffs directly contradicts our national development goals.

4.3 SAFCEI appeals to NERSA to facilitate a forum with the relevant government and civic stakeholders to address energy affordability and to look at a range of effective subsidy and other mechanisms to provide energy access to vulnerable households.

4.4 NERSA to review the tariffs of especially the big power users to ensure that they are based on cost of supply. Electricity costs for the extraction or beneficiation of our mineral resources by private industry should be charged at international rates- most especially where the products are exported.

4.5 NERSA to use its mandated authority to remove red tape and to pro-actively support a RE industry through removing the cap on RE, and providing guidelines for SSEG, wheeling and on energy storage.

4.6 NERSA with relevant government agencies and civic bodies including worker's unions to support a faster transition of ESKOM into a more efficient and cost effective business.

4.7 NERSA and DMRE need to put the nuclear build programme and Karpowership programme on hold and use that funding to prioritise an effective powerplant maintenance plan for existing power plants in place and to implement the maintenance.

4.8 NERSA and DMRE to fast track the implementation of the REIPPP programme to bring new RE generation on board. Also, to encourage local authorities in good standing to enter partnerships with IPPs and develop own generation.

4.9 Fraud and corruption which impacts electricity supply should be treated as treason/ a crime against state with significant penalties to serve as a deterrent.

4.10 To remove the RCA mechanism from the MYPD.

SAFCEI's comments have been made with due consideration for the complexity in the matter of providing an affordable, reliable energy supply system that does not compromise the health or well being of citizens or the country. While some of our comments may appear to be outside of a focussed NERSA mandate, we believe that as the Regulator NERSA is mandated to look at the broader issues that are translating into unacceptable electricity costs which will ultimately lead to sectors of society being denied energy access. We pray for wisdom and strong leadership by all officials in government with responsibilities for energy access.

With Regards,

Kim Kruyshaar (Energy Consultant: SAFCEI)

Sources:

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