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06 November 2024

Union Buildings Government Avenue,
Pretoria
0001

By email: kramokgopa@parliament.gov.za

Open Letter: Request for Urgent Review on Electricity Pricing Policy

Dear Minister Ramokgopa,

We write to you as a group of civil society organisations working on climate, energy and sustainable economic development in South Africa. While we note Eskom's MYPD6 revenue application, as organisations working with marginalized communities in South Africa we reject the proposed 36% tariff increase.

Various civil society organisations have made written comments to NERSA raising major concerns that the majority of people in South Africa cannot afford this huge tariff increase if it were to be approved. Nor will Eskom get what it regards as a fair and necessary return under the Electricity Regulation Act. Eskom's application highlights the following points:

1. Eskom nor any electricity utility in the world can produce electricity at a price people can afford.
2. Cost reflective pricing is not viable given South Africa's notorious levels of inequality.
3. The provisions within the South African Constitution require electricity to be treated as a necessity.
4. If the user-pays principal is to be retained in any way, the amount of Free Basic Electricity must (a) reflect a basic amount consistent with 2024, which is 350 kWh per household, and (b) to ensure that the many people most in need of basic electricity, the grant must be delivered to everyone (with appropriate tax adjustments to recoup some portion of the costs).

Board of Governors: Lorna Fuller (Director), Cindy Ross (Chairperson),
Jiska de Groot, Phiwe Ndinisa, Nokubonga Swartbooi and Rofhiwa Takalani

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5. It nevertheless remains the basis for proposed new price determination policies which are centred on 'cost to serve'. This is calculated to the advantage of big industrial users. High line charges and reduced energy charges are also calculated to advantage rich and extravagant households, and disadvantage poor households who use least, households who conserve energy, and households and communities who install grid-tied renewables.
6. Further, cost reflective pricing ignores the harm to the environment and to people's health. These costs are not reflected and remain purposely externalised.

We kindly request an urgent review of the electricity supply system within which the electricity pricing policy is located. NERSA has a narrow mandate but as marginalized communities will not afford the proposed increase, we believe this requires a systemic approach.

Yours sincerely,
Gabriel Klaasen
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Name of organisations

Project 90 by 2030
The Green Connection
Laudato Si' Movement South Africa
Alternative Information & Development Centre
Southern African Faith Communities Environment Institute, SAFCEI
groundWork