



## Office of the Executive Mayor

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My ref:

CoT objection to the proposed  
40% electricity tariff increase

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Section/Unit:

Office of the Mayor

21 August 2024

The Chairperson National Energy Regulator of South Africa (NERSA)  
Kulawula House 526 Madiba Street Arcadia  
Pretoria  
0083

Per email: [Phumla.Botha@nersa.org.za](mailto:Phumla.Botha@nersa.org.za); [Mondi.Shozi@nersa.org.za](mailto:Mondi.Shozi@nersa.org.za)

Dear Mr Bukula,

### **CITY OF TSHWANE'S OBJECTION TO THE PROPOSED 40% ELECTRICITY TARIFF INCREASE**

1. The purpose of this letter is to raise an upfront objection by the City of Tshwane against the excessive electricity tariff price increase proposed by Eskom for the 2025/26 financial year. In the past five years municipalities have been hit by wave after wave of super-inflationary price increases, which we have had to pass on to our consumers. Every one of these increases have brought us to a breaking point beyond which tariff increases will not yield increased collections.
2. Despite diligent efforts by the City of Tshwane to improve billing, credit control, and debt collection, it is clear to us that a significant portion of our electricity consumers have to choose between buying food and paying utility bills. The effect is also likely to drive illegal connections and increase distribution losses. South Africa has not

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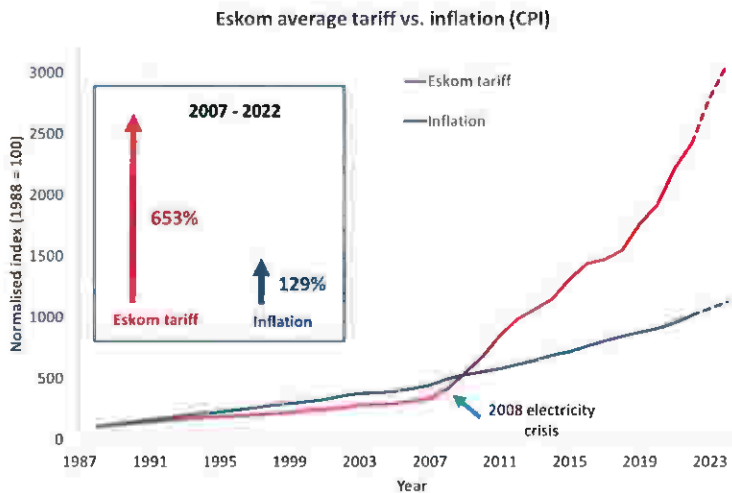
just suffered four years of high inflation with the rest of the world. We have also suffered more than a decade of near economic stagnation.

3. While the country has been load-shedding free for a number of months, this has not undone the damage of escalating stages of loadshedding suffered in the past few years. A lack of energy availability has inhibited economic growth, and therefore the ability of municipal consumers to pay their bills on time. At the same time a significant number of wealthy consumers, on whom our system of local government depends to cross-subsidise the cost of services to the poor, have significantly reduced their use of municipal electricity.

4. Two sets of indicators tell the story of what is happening to South African households, and how so many people came to be engulfed in an affordability crisis:

4.1 Consumer Price Index (CPI) denotes the general increase in prices over a specified period of time, usually a year. According to Power Optimal (2021)[1], Eskom's tariff increased by 653% between 2007 and 2022. Over the same period inflation increased by 129%. Another measure is to take average historical prices per kWh sold, based on data obtained from Eskom (2024), and Historical CPI data from Stats SA (2024), with the base being adjusted for the start of the period 2008. It shows that on average the cost of a sold unit of electricity increased by 437% from an index score of 100 to 537. In the same period CPI only increased by 103%.

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4.2 Between quarter two of 2015 and quarter two of 2024, the unemployment rate in the City of Tshwane increased from 24,6% to 35,3% (using Stats SA's quarterly labour force survey). At the same time the city's population, largely from inward migration, has increased significantly. This has not been matched by significant economic growth. In fact, South Africa's economic growth has been anemic for more than a decade.

5. It is clear that a further increase in the Eskom electricity tariff which is substantially above CPI will devastate consumers and throttle the economy even further, perhaps to the point of recession. It will also do further damage to the ability of municipalities to provide electricity and maintain an electricity business. The constitutional implications of such a scenario have not yet been fully appreciated.
6. For this reason, we ask that NERSA rejects Eskom electricity tariff increases that are significant above CPI. Municipal consumers can no longer bear the inefficiencies of South Africa's energy monopoly.

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CITY OF  
**TSHWANE**  
IGNITING EXCELLENCE

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7. I also ask for an opportunity to make an in person presentation to NERSA on this matter at the appropriate time.

Kind regards,

Alderman Cilliers Brink  
EXECUTIVE MAYOR

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