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Is alathiso Sethu: 16/2/1/2

S van Eeden

Navrae / Enquiries
Imibuzo

13 August 2024

The Chairperson and Chief Executive Officer
National Energy Regulator of SA (NERSA)
Kulawula House
526 Madiba Street
Arcadia
PRETORIA
0083

E-mail: Phumla.Botha@nersa.org.za
Mondi.Shozi@nersa.org.za

Dear Chairperson and Chief Executive Officer,

Opposition to Eskom's Application for Electricity Tariff Increases to NERSA

Langeberg Municipality hereby formally expresses its opposition to Eskom's application to the National Energy Regulator of South Africa (NERSA) for electricity tariff increases of 36.15% in the financial year 2026, 11.81% in the financial year 2027 and 9.1% in the financial year 2028.

After careful consideration and analysis, we have identified several reasons why these proposed increases are untenable for our community and the broader South African economy.

Economic Impact on Households and Businesses

The proposed tariff increases are significantly higher than the current inflation rate and wage growth in South Africa. Implementing such steep increases would place an undue financial burden on households, many of whom are already struggling to make ends meet. Businesses, particularly small and medium-sized enterprises (SMES's), would also be adversely affected, potentially leading to higher operating costs, reduced competitiveness and job losses.

Effect on Municipal Budget and Services

As a municipality, we rely on affordable electricity to provide essential services to our residents. The proposed tariff increases would strain our budget, forcing us to reallocate funds from other critical areas or consider raising property rates and basic service charges. This would ultimately reduce the quality of services we can offer to the Langeberg community.

Economic Growth and Development

Higher electricity costs will deter investment and stifle economic growth. Potential investors may find the increased operational costs prohibitive, leading to reduced investment in the region. This, in turn, could hinder our efforts to promote local economic development and job creation.

Energy Poverty and Social Inequality



Rig alle korrespondensie aan die Munisipale Bestuurder
Address all correspondence to the Municipal Manager
Thumelavonke imbelelwasokumchaliKamunisipala

The proposed tariff increases are likely to exacerbate energy scarcity, particularly among low-income households. This would widen the gap between different socio-economic groups, undermining efforts to create a more equitable society.

Accountability and Efficiency at Eskom

Before approving any tariff increases, there should be a thorough review of Eskom's operational efficiency and financial management. It is crucial to ensure that Eskom is taking all necessary steps to reduce wasteful expenditure and improve its service delivery. Tariff increases should not be a default solution to Eskom's financial challenges.

In light of these concerns, Langeberg Municipality respectfully urges SALGA to advocate on behalf of municipalities and their residents by opposing Eskom's proposed tariff increases. We believe that a more balanced approach, which considers the economic realities faced by South Africans is necessary to ensure sustainable and affordable electricity provision.

We are committed to working with SALGA, NERSA, and other stakeholders to find alternative solutions that address Eskom's financial needs without imposing disproportionate burdens on our communities.

Thank you for your attention to this critical matter. We look forward to your support in representing our concerns to NERSA.

Yours faithfully

A handwritten signature in black ink, consisting of a stylized 'S' and 'W' followed by a horizontal line.

S W VAN EEDEN
EXECUTIVE MAYOR