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KEVIN MILEHAM, MP

SPOKESPERSON ON ELECTRICITY AND ENERGY

[UNSIGNED ELECTRONIC COPY]

 01 September 2025

Mr. T. Bukula

Chairperson: National Energy Regulator of South Africa

Per e-mail: thembani.bukula@nersa.org.za

Dear Mr. Bukula

**URGENT DEMAND FOR EXPLANATION REGARDING R54 BILLION TARIFF CALCULATION ERROR**

The Democratic Alliance (DA) writes to you to express its profound dismay at the recent admission by the National Energy Regulator of South Africa (NERSA) of a catastrophic error in the Sixth Multi-Year Price Determination (MYPD6) for ESKOM.

An error amounting to R54 billion cannot be dismissed as a simple "mistake." It represents a staggering failure of NERSA’s fundamental mandate to act as a competent, prudent, and reliable arbiter of electricity tariffs in South Africa. This blunder, stemming from incorrect calculations of depreciation and the Regulatory Asset Base, points to a systemic breakdown in your institution's financial modelling, quality assurance, and internal control mechanisms.

The consequence of this institutional failure is that already overburdened South African consumers and businesses will be forced to pay billions more for electricity. The decision to rectify this error via a settlement agreement with ESKOM, which will see tariff hikes increase to 8.76% and 8.83% in the coming years, shifts the entire burden of NERSA’s incompetence onto the public.

This is unacceptable. The public's confidence in NERSA as an impartial and expert regulator has been completely shattered.

In light of the severity of this situation, the DA demands that NERSA provide a full and unreserved public account of this matter. Specifically, we demand answers to the following:

1. **A Detailed Explanation:** How did such a fundamental and costly error occur, and why were NERSA’s internal review processes unable to detect it before the initial determination was made?
2. **Accountability:** What specific actions are being taken to hold the individuals and departments responsible for this failure accountable?
3. **The Settlement Decision:** What was the rationale for entering into a settlement agreement with ESKOM rather than defending the initial determination, and what were the full costs associated with this legal process?
4. **Preventative Measures:** What concrete steps are being implemented to overhaul NERSA’s processes to guarantee that an error of this magnitude will never happen again?

South Africans deserve a regulator that protects their interests. They do not deserve to be treated as a limitless source of funds to cover up the ineptitude of a state institution.

We expect a swift and comprehensive public response to this demand for transparency.

Sincerely,

**Kevin Mileham MP**

**Spokesperson on Electricity and Energy**

**Democratic Alliance**