



KEVIN MILEHAM, MP

MEMBER OF PARLIAMENT FOR DEMOCRATIC ALLIANCE

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Hon. Nonkosi Queenie Mvana

Chairperson of the Standing Committee on Electricity and Energy

Per e-mail nmvana@parliament.gov.za akotze@parliament.gov.za

Dear Chairperson,

RE: URGENT REQUEST FOR NERSA ACCOUNTABILITY SESSION ON ESCALATING TARIFF DETERMINATION FAILURES AND JUDICIAL REBUKES

The Democratic Alliance (DA) hereby requests that the Portfolio Committee on Electricity and Energy urgently summon the National Energy Regulator of South Africa (NERSA) leadership (including Chairperson Thembani Bukula and the Full-Time Regulator Members) to account for the regulator's continued systemic failures that have now escalated from a R54 billion error to R76 billion, alongside Wednesday's (14 January 2026) court order declaring municipal tariff determinations unlawful.

Yesterday's High Court ruling by Judge Anthony Millar ordering NERSA to redetermine electricity tariffs for the City of Johannesburg, Ekurhuleni, Madibeng Municipality, and Msunduzi is yet another judicial rebuke of NERSA's fundamentally flawed processes. This comes as NERSA is simultaneously conducting public consultations on recovering R76 billion, which is an escalation from the initial R54 billion error that this Committee interrogated in September 2025.

We are deeply concerned that despite NERSA's September 2025 admission to this Committee of "clerical errors" and promises of "consequence management," the regulator continues to demonstrate gross incompetence that directly results in billions being extracted from already overburdened South African consumers.

We specifically request that NERSA leadership be called to address:

1. **Escalation of the Error:** A detailed explanation of how the initially admitted R54 billion "clerical error" has now escalated to R76 billion. This explanation should detail the specific calculations and methodologies that led to this increased shortfall, whether this represents additional errors or a compounding of the original mistakes, and the timeline of when NERSA became aware of the escalation.
2. **Consequence Management Update:** A comprehensive report on the "consequence management process" promised in September 2025.
3. **Municipal Tariff Determination Failures:** Full accountability for the court-declared unlawful tariff determinations. This should include how NERSA approved tariffs based on flawed Cost-of-Supply studies, why NERSA failed to participate in litigation until the eve of the November hearing and the estimated cost to municipalities and consumers of rectifying these errors.
4. **Systemic Reform Measures:** Evidence of structural reforms implemented since September 2025 to prevent such failures, including changes to verification and quality control processes. Additionally, the external audit mechanisms introduced and skills capacity assessments of technical staff

The Committee previously heard NERSA's admissions of incompetence in September 2025. Yet barely four months later, we witness not improvement but deterioration, where errors have increased by R22 billion and courts declaring NERSA's municipal determinations unlawful. This pattern of escalating failure despite parliamentary oversight demands urgent intervention.

Judge Millar's order that NERSA must restart the entire tariff determination process for four major municipalities, requiring new Cost-of-Supply studies and public consultations by 30 June 2026, will create significant uncertainty and potential retrospective billing adjustments for millions of consumers. The court's provision that should NERSA fail again, previous year tariffs will apply, demonstrates the judiciary's lack of confidence in the regulator.

South Africans cannot continue to bear the financial burden of NERSA's compound failures. The regulator's incompetence has created a double crisis: consumers face massive increases from the R76 billion Eskom error while simultaneously facing uncertainty and potential retrospective adjustments from unlawful municipal tariffs.

This Committee must determine whether NERSA possesses the competence to fulfil its mandate or whether fundamental restructuring of energy regulation in South Africa is required.

We await your urgent response to this request.

Yours Sincerely,

KEVIN MILEHAM, MP