

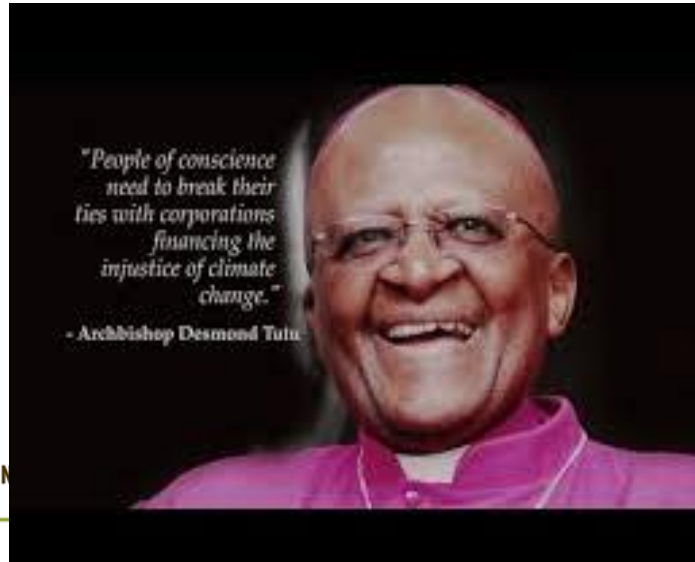
Objections to Eskom's 2018/19 RCA application

3rd February 2020 by Kim Kruyshaar Energy Consultant to SAFCEI



SAFCEI is an institute of people of many faiths united in our diversity by our commitments to:

- Respect and care for the community of life
- Ecological integrity
- Social and economic justice
- Democracy, non-violence and peace



NERSA PPP - Who is listening? What is changing?

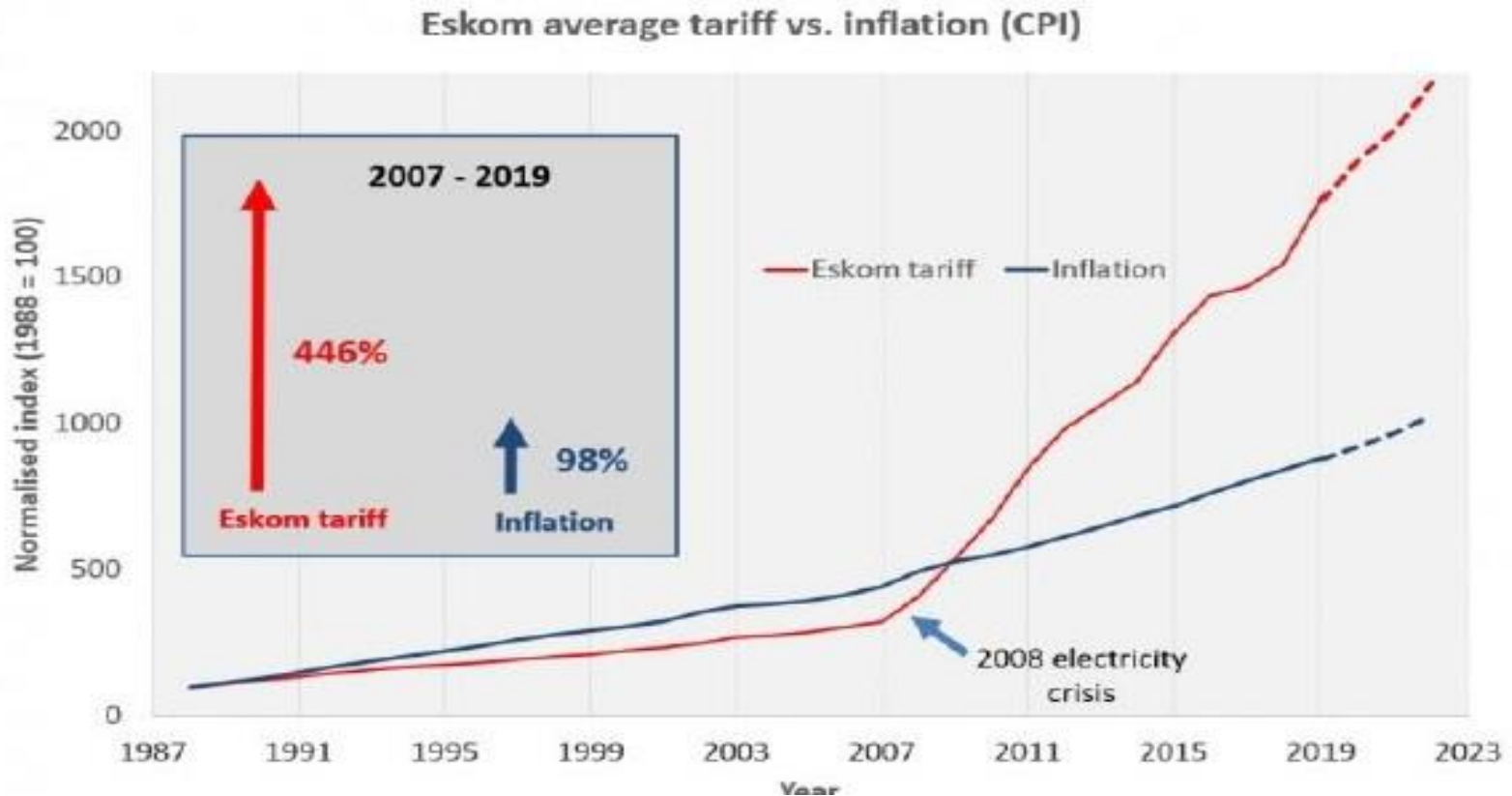
Appreciate opportunity to be heard - BUT!?!

For years Eskom over-estimated demand and underestimated maintenance and peaking plant costs. While not implementing a JET to RE.

**THE PAIN HAS TO STOP!
BAND AID MONEY ISN'T ENOUGH!
PEOPLE CAN'T PAY MORE.**

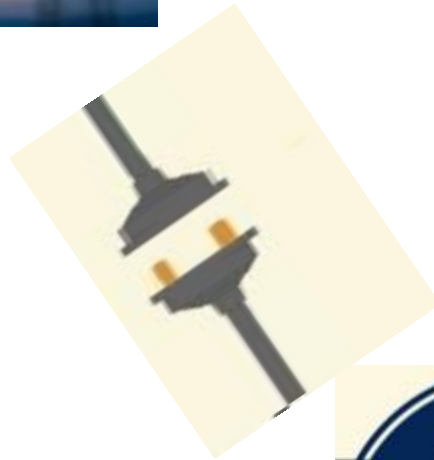


System Change not Higher tariffs



www.poweroptimal.com/2019-update-eskom-tariff-increases-vs-inflation-since-1988-with-projections-to-2022/

Is Eskom Unplugged from our Energy Needs?



What is
NERSA's
role?



NERSA's Mandate

- The Economic Regulation of the electricity industry as derived from the Electricity Regulation Act.
- Support the National Development Plan 2030 to ensure sufficient energy to support industry at competitive prices, access (affordability) for poor households, while reducing carbon emissions per unit of power by about one-third.
- promoting alternative electricity generation technologies eg. Renewable Energy, Cogeneration (NERSA website)

What Kind of Energy do People Need!?!



What Kind of Energy do People have!?!

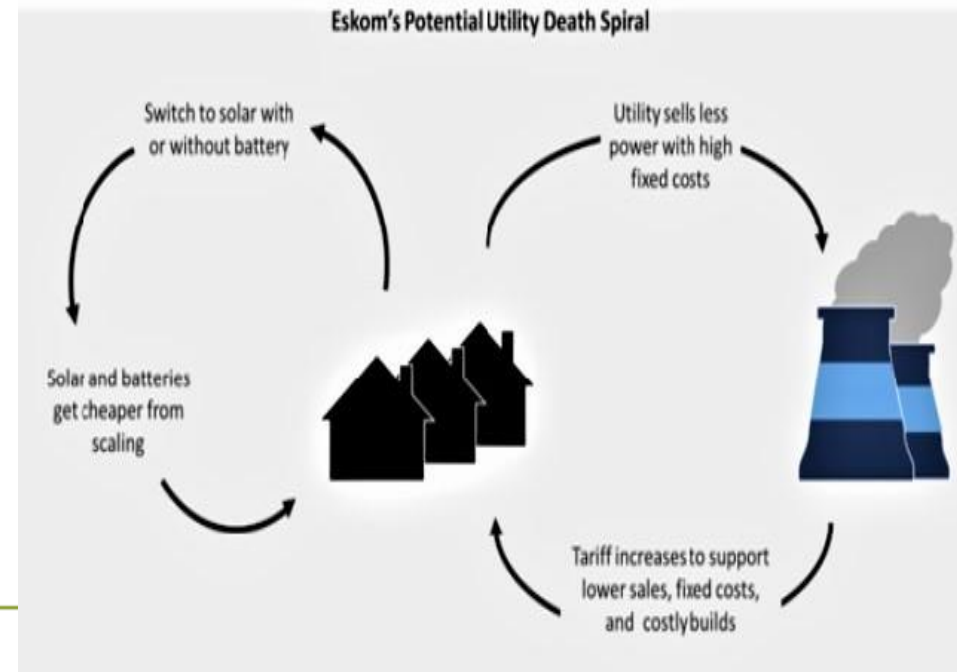
RISING ELECTRICITY TARIFFS = ENERGY APARTHEID

Cash poor households can't buy electricity or give up other essentials to pay for electricity.

Local authorities battle to pass on Eskom costs as well as fund distribution.

Funding for other social services reduced to fund Eskom.

Affluent homes and business deflect to RE, so cross subsidies are reduced.



What kind of Energy do People have!?!

UNRELIABLE

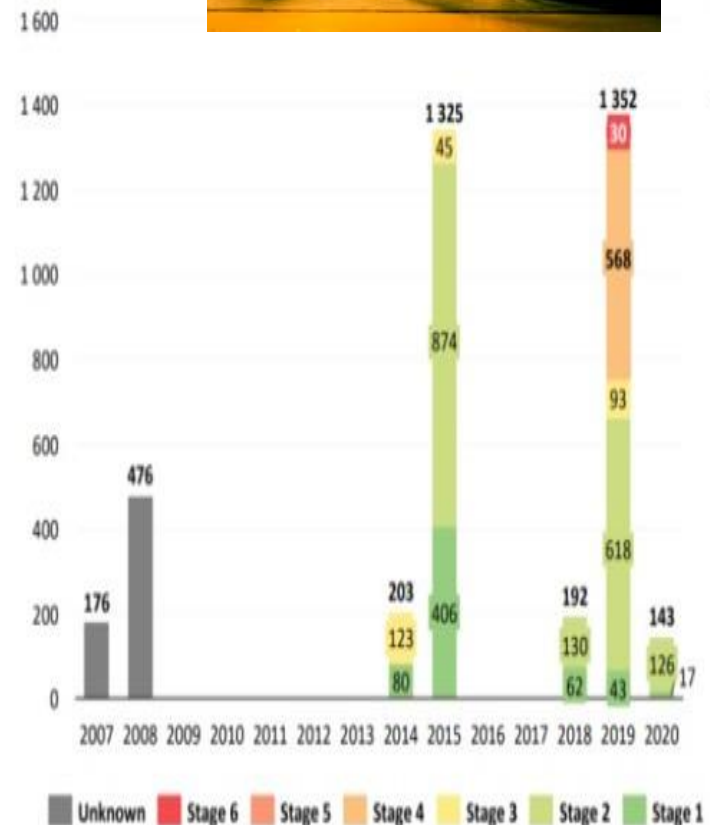
load shedding predicted to continue for 2-3 years.

R167 - R338 bn cost to economy since 2007 (CSIR)

Risks: business closures, job cuts, increased fire risks in homes, reduced safety in dark suburbs.



Load shed [GWh]



What kind of Energy do People have!?!

**PREDOMINANTLY DIRTY ENERGY FROM COAL
POISONS PEOPLE AND PLANET.**



Mounting cost: Eskom is SA's single biggest polluter. Every year, thousands of premature deaths are caused by pollution from Eskom's coal-fired power plants. Picture: FINANCIAL MAIL

ESKOM stuck while the world moves on. Same system = Same problems

Creative disruption of dispersed RE & smart energy systems treated as threat not opportunity.

Vested interests & corruption holding electricity consumers to ransom.

Fast track JET with Unions playing active role.



Need system transformation not just switch to Renewables.

ESKOM needs to be restructured to ensure:

- transparency & accountability in generation choices and maintenance to eliminate corruption and bad decisions.
- new energy services (wheeling, storage, better peak demand management).
- shift from monopoly to partnerships.

ESKOM's RCA 2018 /19 application

If approved electricity tariffs in mid-2020 will increase to well over 8.1%.

8.1% has already been agreed to by NERSA in the MYPD4 and is above CPI.

The adjusted tariff MYPD3 increase approved in 2019 was also above inflation at 13.87%.



SAFCEI Calls on NERSA to:

Act as our independent regulator and pro-actively support urgent calls for:

- ESKOM to develop low cost RE and phase out costly coal.
- permit local authorities to generate RE & buy from IPPs.
- restructuring of ESKOM to eliminate corruption, bad management and inefficiencies.
- ESKOM to claim back money from corrupt dealings as well as consumer payment boycotts.
- reskill workers to participate in a Just Energy Transition

What should NERSA do?

NOT APPROVE the RCA 2018 /19 application as we believe the shortfall is based on inaccurate demand projections and structural inefficiencies within ESKOM. It is unreasonable for citizens to continue to pay above inflation prices for an inefficient electricity service.

NERSA should review the purpose of the RCA system in the current situation and consider de-regulating it as it is being used to justify an additional tariff increase each year.

ESKOM is much more than Electricity

ESKOM's failure to provide reliable affordable electricity is failing the entire country at multiple levels.

Lots of talk:

President Ramaphosa appointed a high-level task team.

The National Planning Commission is looking at a JET.

Cosatu submitted proposals for debt relief and a JET

Corrective action can no longer be delayed - but unaffordable tariffs are not the solution.

The time has come to make tough decisions so that we are not faced with even tougher ones tomorrow.

Thank you