

ELECTRICITY TARIFF POLICY

Item A-F (32-2016) CM 28/04/2016	REVIEWD INTEGRATED DEVELOPMENT PLAN (IDP) AND MEDIUM TERM REVENUE AND EXPENDITURE FRAME WORK (MTREF): 2016/2017 TO 2018/2019
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Resolved:

5. **That** to guide the implementation of the municipality's annual budget, the Council of the EMM **APPROVES** the policies as set out in the following Annexures of this document:

- Annexure D1** Medium-term Budget Policy Statement (reviewed)
- Annexure D2** Pricing Policy Statement (reviewed)
- Annexure D3** Property Rates Policy (remains unchanged)
- Annexure D4** Provision of Free Basic Electricity Policy (remains unchanged)
- Annexure D5** Waste Management Services Tariff Policy (reviewed)
- Annexure D6** Consumer Deposit Policy (reviewed)
- Annexure D7** Indigent Policy (remains unchanged)
- Annexure D8** Credit Control & Debt Collection Policy (reviewed)
- Annexure D9** Provision for Doubtful Debtors and Debtors Write Off (reviewed)
- Annexure D10** Budget Implementation and Monitoring Policy (remains unchanged)
- Annexure D11** Municipal Entity Financial Support Policy (reviewed)
- Annexure D12** Accounting Policy (reviewed)
- Annexure D13** Funding and Reserve Policy (remains unchanged)
- Annexure D14** Borrowing Policy (remains unchanged)
- Annexure D15** Cash Management Policy (remains unchanged)
- Annexure D16** Policy on electricity metering for residential and small business customers in the EMM (reviewed)
- Annexure D17** Policy for the Vending of Pre-paid Electricity (reviewed)
- Annexure D18** Policy for Correction of Meter Reading and Billing Data (remains unchanged)
- Annexure D19** Electricity Tariff policy (reviewed)
- Annexure D20** Virement Policy (remains unchanged)
- Annexure D21** Consumer Agreement Policy (reviewed)
- Annexure D22** Renewable Energy Revenue Loss Mitigation Policy (new)

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ELECTRICITY TARIFF POLICY

1. APPLICATION AND SCOPE

The policy is applicable to the Ekurhuleni Metropolitan Municipality.

The policy will be effective as from 1 July 2016.

2. OBJECTIVES OF POLICY

- ▶ To comply with guidelines received from the National Energy Regulator of South Africa
- ▶ To determine cost reflective tariffs, as far as is possible
- ▶ To ensure equitable pricing
- ▶ To ensure affordability of basic services to the community
- ▶ To ensure compliance with the Municipal Systems Act
- ▶ To comply with the provisions of the Electricity Regulation Act 4 of 2006
- ▶ To comply with the provisions of the Constitution of the Republic of South Africa
- ▶ To comply with the provisions of the Municipal Finance Management Act
- ▶ To comply with the provisions of the Electricity Bylaws
- ▶ To comply with the provisions of Electricity Pricing Policy of the South African Electricity Supply Industry - Government Gazette No. 31741
- ▶ To comply with other National Policies

3. INTRODUCTION

Ekurhuleni structural tariff adjustments will be in synch with the pricing signals received from Eskom and attempt to persuade electricity customers to avoid peak periods and seasons. Any proposed increase will also be in line with the mission statement of this municipality in that it provides sustainable (sufficient to cover the cost of rendering the service) and people-centred electricity tariff structures and prices, that are also affordable.

Tariffs will also contain signals that encourage energy efficiency and the investment in efficient appliances.

Any adjustments effected to Council's tariffs should take cognisance of the above realities and need to be balanced in terms of cost-reflectivity and operational budgetary requirements, whilst at the same time meeting the regulatory requirements of the National Energy Regulator of South Africa.

Council's current Tariff A residential use remains in the NERSA prescribed Inclining Block tariff (IBT) format. Tariff B (Residential and Bulk Residential) will be available for higher use residential customers and whereas the Residential Resellers component of this tariff structure will be exclusively available for Bulk Residential complexes.

Tariff A Business is applicable to the small business component and B (Business, Mixed Business-Residential) is applicable to the small to medium business/mixed business component.

Tariffs C, D and E are applicable to the larger business and industry component.

A negotiated pricing agreement may be entered into where exceptional circumstances are proven.

4. TARIFF STRUCTURE

The following is a brief description of each of Ekurhuleni's electricity tariffs intended to achieve the objectives as set out above.

#	Tariff	Description, Customers targeted
1	Tariff A (Business)	<p>This tariff:</p> <ul style="list-style-type: none"> ▶ is available for small business only. ▶ is for single-phase 230 V connections or multi-phase 400/230V connections with a capacity of up to 80 A per phase and will suit low consumption micro business customers.
2	Tariff A (IBT)	<p>This tariff:</p> <ul style="list-style-type: none"> ▶ is available for <u>residential</u> customers. ▶ is based on the inclining block principle, i.e. the more units used, the higher the rate becomes. ▶ is the only tariff component that provides Free Basic Electricity to qualifying customers.
3	Tariff B (Residential and Bulk Residential)	<p>This tariff:</p> <ul style="list-style-type: none"> ▶ is available for <u>residential</u> customers. ▶ with the exception of the Resellers section "bulk residential", is not available for medium and high voltage customers. ▶ will suit medium to high consumption residential customers. <p>Resellers are bound by the Electricity Regulation Act 4 of 2006 and the Electricity By-laws to resell electricity to end users as per the Electricity By-laws. The residential reseller's tariff shall only be applied by Ekurhuleni where Ekurhuleni has approved and installed a bulk meter to measure the total consumption of the bulk residential complex.</p>
4	Tariff B (Business, Mixed Business and Residential, Commercial or Industrial)	<p>This tariff:</p> <ul style="list-style-type: none"> ▶ is available for all business single-phase 230 V or multi-phase 400/230 V connections with a capacity of up to 150 A per phase or 100 kVA. ▶ is not available for medium and high voltage customers. ▶ will suit medium to high consumption small business customers.
5	Tariff C (Multi part tariff – not time of use (TOU))	<p>This tariff:</p> <ul style="list-style-type: none"> ▶ is available for bulk supplies at any voltage and with a capacity of at least 25 kVA. ▶ is for existing Tariff C customers only, no new

		customers will be allowed on this tariff, unless authorized by the HOD: Energy.
6	Tariff D (Multi part tariff – Time of Use (TOU))	<p>This tariff:</p> <ul style="list-style-type: none"> ▶ is for bulk supplies at any voltage and with a capacity of at least 1 MVA and a network access charge of at least 1 MVA over the previous 12 months. ▶ will suit large residential, business and industrial customers.
7	Tariff E (Multi part tariff – Time of Use (TOU))	<p>This tariff:</p> <ul style="list-style-type: none"> ▶ is available for bulk supplies at any voltage and with a capacity of > 25kVA and a NAC of < 1 MVA. ▶ is available for new and existing customers.
8	Tariff F	▶ This tariff will be suitable for street light and traffic light consumption
9	Tariff H (Multi part tariff Residential Time Of Use (TOU))	<p>▶ This tariff is available for all residential customers single-phase 230 V or multi-phase 400/230 V connections with a capacity of up to 150 A per phase or 100 kVA.</p> <p>NOTE: The implementation of this tariff is dependent on the availability of advanced metering infrastructure and smart meters.</p>
10	Tariff I (City Power tariff)	▶ This tariff is available to City Power only, where cross boundary supplies are applicable.

5. MAINTENANCE FUND

A determined percentage of the electricity tariffs shall feed into a maintenance fund. This fund is used for refurbishment of the existing electricity networks. This is not a levy as defined by the Municipal Fiscal Powers and Functions Act.

6. ENERGY EFFICIENCY FUND

A determined percentage of the electricity tariffs shall feed into an energy efficiency fund. This fund is used for projects aimed at increasing electricity efficiency. This is not a levy as defined by the Municipal Fiscal Powers and Functions Act.

7. MISCELLANEOUS CHARGES

Tariffs are applicable for miscellaneous activities and services rendered as specified in the approved schedule of tariffs.

8. APPROVAL OF TARIFFS

Tariffs are approved by Council in terms of clause 24(2)(c)(11) of the Municipal Finance Management Act 56 of 2003, and by the National Energy Regulator of South Africa (NERSA) in terms of clause 4(a)(ii) of the Electricity Regulation Act 4 of 2006. If the tariffs approved by Council differ from the tariffs approved by NERSA, the Council approved tariffs shall be applied, until the matter is resolved.

9. DEVIATIONS

Any justified deviations from the policy with regard to implementation of “Special Projects” shall be considered by the Head of Department: Energy and authorized if they are satisfied with the aims of such a project.

Similarly, any deviation from the exact wording of the tariff policy, which may be required in unique customer cases, shall be considered by the Head of Department: Energy and authorized if they are satisfied with the aims of such a deviation.

NOTE: The reference to “they” in the above sentences is a reference to the Department concerned and its personnel

The term “shall” is used throughout this document to indicate those provisions which, are considered to be mandatory.

The term “should” is used to indicate those provisions which, although not mandatory, are provided as a recognized means of meeting the requirements.

The term “may” is used to indicate something which is permitted.

The term “can” is used to indicate a possibility or a capability.

