



## **Environment Digest 37**

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### **Electricity Pricing in South Africa**

#### **Price Hikes**

The National Energy Regulator of South Africa (NERSA) has approved a 9.6% increase in electricity tariffs, against Eskom's application for a 20.5% increase. This will take the average electricity price from R1.33 to R1.46 per kWh, starting on 1 April 2022.

<https://tinyurl.com/3pmz35rw>

<https://tinyurl.com/3n6mwsap>

<https://tinyurl.com/56axj4vj>

#### **The Multi-Year Price Determination**

Electricity price determination is currently done using the Multi-Year Price Determination Methodology, which NERSA has been using since 2006. This is supposed to provide a stable, systematic balance between revenue for Eskom and tariff prices for its customers. Instead, however, electricity prices have been increasing above the inflation rate in recent years, which is a clear indication that the methodology has fallen short of its objective.

<https://tinyurl.com/y5nxvaw5>

#### **Current Policy Reviews**

To address some of the overarching electricity supply challenges (including pricing), the Department of Mineral Resources and Energy has embarked on a commendable exercise to review two of its most important policy documents: The Electricity Regulation Amendment (ERA) Bill and the Draft Electricity Pricing Policy (EPP).

<https://tinyurl.com/2mcjkhvc>

## **Electricity Pricing Policy**

The electricity pricing policy seeks to provide stability in electricity prices, amongst other things, and this will enable consumers to have a long-term outlook on tariffs. Additionally, the document retains the crucial provision of Free Basic Electricity for struggling households. If implemented, this policy, in conjunction with other legislative reforms, could create opportunities for the improved electricity supply sector that South Africa desperately needs.

<https://tinyurl.com/4n8x29a9>

<https://tinyurl.com/u5ycnu32>

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