

# APPLICATION FOR TARIFF APPROVAL (2021/2022)

---

**MANGAUNG METRO MUNICIPALITY**  
**(Including NALEDI LOCAL MUNICIPALITY)**



*CENTLEC (SoC) Ltd*  
*Reg No 2003/011612/30*

**For Implementation**  
**1 July 2021**

## Table of Contents

|     |   |    |
|-----|---|----|
| 1.  | BACKGROUND AND POLICIES .....   | 4  |
| 1.1 | Introduction .....  | 4  |
| 1.2 | Tariffs of Centlec (SoC) Ltd to conform to acceptable policy principles ..... | 4  |
| 1.3 | Eskom Price Increase .....  | 6  |
| 2.  | HIGH LEVEL SUMMARY OF APPLICATION .....                                       | 6  |
| 2.1 | Tariff design .....   | 6  |
| 2.2 | Summary of Tariff Application .....   | 8  |
| 3.  | RECOMMENDATION .....  | 9  |
| 4.  | ANNEXURE A - SUMMARY OF TARIFFS PROPOSED FOR 2021/2022 .....                  | 9  |
| 5.  | ANNEXURE B - Financial Indicators .....                                       | 18 |

## Abbreviations and Acronyms

|                | Description                               |
|----------------|---|
| <b>AMI</b>     | Automated Meter Infrastructure            |
| <b>BDM</b>     | Business Development Manager              |
| <b>CCS</b>     | Chief Corporate services                  |
| <b>Centlec</b> | Centlec (SoC) Ltd                         |
| <b>CEO</b>     | Chief Executive Officer                   |
| <b>CFO</b>     | Chief Financial Officer                   |
| <b>COO</b>     | Chief Operational Officer                 |
| <b>CPI</b>     | Consumer Price Index                      |
| <b>DBT</b>     | Declining Block Tariff                    |
| <b>EME</b>     | Executive Manager Engineering             |
| <b>ERA</b>     | Electricity Regulation Act                |
| <b>IBT</b>     | Inclining Block Tariff                    |
| <b>kVA</b>     | Kilovolt Ampere                           |
| <b>kWh</b>     | Kilowatt-hour                             |
| <b>LF</b>      | Load Factor                               |
| <b>MD</b>      | Maximum Demand                            |
| <b>MMM</b>     | Mangaung Metropolitan Municipality        |
| <b>MYPD</b>    | Multi-Year Price Determination            |
| <b>NERSA</b>   | National Energy Regulator of South Africa |
| <b>TOU</b>     | Time-of-Use                               |

## 1. BACKGROUND AND POLICIES

### 1.1 Introduction

In terms of section 4(ii) of the Electricity Regulation Act, 2006 (Act No. 4 of 2006) ('the ERA'), the Energy Regulator must regulate electricity prices and tariffs and must therefore approve the annual percentage increase that municipalities can implement. The Energy Regulator approves an annual percentage guideline increase which is issued to municipalities prior to them preparing their tariff adjustment applications. This assists municipalities in preparing their budgets so that they can submit tariff applications to NERSA.

This document is Centlec's application to NERSA for the implementation of new tariffs for the 2021/2022 financial year for Mangaung Metro Municipality with an implementation date of 1 July 2021 for the proposed tariffs.

### 1.2 Tariffs of Centlec (SoC) Ltd to conform to acceptable policy principles

- Municipal services need to be financially sustainable
- There is certainty in the Council, the administration of Centlec (SoC) Ltd on how the Council will determine and implement tariffs
- There is certainty in the community on how the Council will determine and implement tariffs
- That the tariffs of Centlec (SoC) Ltd comply with the applicable legal prescripts

In terms of section 74 of the Systems Act the council must adopt and implement a tariff policy that complies with the provisions of any applicable legislation on the levying of fees for municipal services provided by or on its behalf. The tariff policy may differentiate between different categories of users, debtors, service providers, services, service standards, geographical areas and other matters as long as the differentiation does not amount to unfair discrimination. Section 75 of the Act requires that the council adopt by-laws to give effect to the implementation and enforcement of its tariff policy.

In setting its annual tariffs the council shall at all times take due cognisance of the tariffs applicable elsewhere in the economic region, and of the impact which its own tariffs may have on local economic development.

Service tariffs imposed by the local municipality shall be viewed as user charges and shall not be viewed as taxes, and therefore the financial ability of the relevant consumer or user of the services to which such tariffs relate, shall not be considered as a relevant criterion, except in the case of the indigency relief measures approved by Centlec (SoC) Ltd from time to time.

Centlec (SoC) Ltd shall, as far as circumstances reasonably permit, ensure that the tariffs levied in respect of the foregoing services further generate an operating surplus each financial year of 10% or such lesser percentage as the council of Mangaung Metro Municipality may determine at the time that the annual operating budget is approved. Such surpluses shall be applied in relief of property rates and for the partial financing of general services or for the future capital expansion of the service concerned, or both. The modesty of such surplus shall prevent the service tariffs concerned from being viewed as concealed taxes.

Mangaung Metro Municipality shall develop, approve and at least annually review an indigency policy for the municipal area. This policy shall set out clearly Centlec (SoC) Ltd's cost recovery policy in respect of the tariffs which it levies on registered indigents, and the implications of such policy for the tariffs which it imposes on other users and consumers in the municipal region.

Centlec (SoC) Ltd's tariff policy shall be transparent, and the extent to which there is cross-subsidisation between categories of consumers or users shall be evident to all consumers or users of the service in question. However, it shall always be a priority to restrict cross-subsidisation to a minimum, within the prescribed governmental prescriptions and budget constraints.

Electricity TOU tariffs are seen as complex tariffs with the specific target of transferring the high costs during peak periods to those customers using a lot of electricity within peak periods. With that in mind, Centlec (SoC) Ltd further undertakes to ensure that its tariffs shall be easily explainable and understood by all consumers and users affected by the tariff policy concerned.

In addition, Centlec (SoC) Ltd shall levy monthly charges for the services concerned, and these charges shall be fixed for each type of property as determined in accordance with the detailed policies set out below. In the case of electricity, it will always be a priority to charge electricity according to TOU tariff charges. As far as technology and budget constraints allow, TOU shall thus be a priority except in the case of indigents.

In considering the costing of its electricity service, Centlec (SoC) Ltd shall take due cognisance of the high capital cost of establishing and expanding such service, and of the resultant high fixed costs, as opposed to variable costs of operating these services. Centlec (SoC) Ltd therefore undertakes to plan the management and expansion of the services carefully in order to ensure that both current and reasonably expected future demands are adequately catered for, and that demand levels which fluctuate significantly over shorter periods are also met. This may mean that the services operate at less than full capacity at various periods, and the costs of such surplus capacity must also be covered in the tariffs which are annually levied.

In adopting what is fundamentally a multi-part tariff structure, namely a fixed availability charge coupled with a charge based on consumption, Centlec (SoC) Ltd believes that it is properly attending to the demands which both future expansion and variable demand cycles and other fluctuations will make on service delivery.

It is therefore accepted that part of Centlec (SoC) Ltd's tariff policy for electricity services will be to ensure that those consumers who are mainly responsible for the high costs during peak periods, and therefore for the incurring by Centlec (SoC) Ltd of the associated high TOU Energy charges as well as demand charges from Eskom, will have to bear the costs associated with these charges. To this end Centlec (SoC) Ltd shall therefore install TOU Metering equipment to cater for the TOU Energy charges as well as other approved charges i.e. the maximum demand of such consumers during certain periods. Such consumers shall therefore pay the relevant TOU charges as well as the service and energy charges directly related to their actual consumption of electricity during the relevant metering period.

### 1.3 Eskom Price Increase

NERSA published 15.08% increase on average for all Eskom Customers and an increase on average of 17.80% for municipal customers.

Since a large portion of CENTLEC's annual budget requirements for the Mangaung Metro Municipality is specifically allocated for bulk electricity purchases from Eskom, the Eskom annual price increase has a huge impact on CENTLEC's tariff increase. CENTLEC bulk purchases to total budget ratio is increasing on a yearly basis.

NERSA guidelines also stipulate that Metropolitan Governments like Mangaung Metropolitan Municipality can only increase its tariffs by 14.59% for the 2021/2022 period. The average tariff increase as proposed in this application will be limited to average tariff increase of 14.59% for the 2021/2022 period which is equal to NERSA's guideline.

## 2. HIGH LEVEL SUMMARY OF APPLICATION

### 2.1 Tariff design

The following factors are taken into account by CENTLEC when the new tariffs are designed as per NERSA's guidelines:

Tariffs and structures are designed after due consideration of the legal and policy frameworks.

The tariff design principles met the objectives as set out by NERSA. The following key objectives are considered:

- Tariffs should be affordable.
- Tariffs should be equitable and fair.
- Tariffs should be easy to understand and apply.
- Tariff levels and structures should accommodate social programmes.
- Tariffs should be transparent.
  - Revenue from tariffs should reflect the full cost (including a reasonable risk adjusted margin or return) to supply electricity and ensure that CENTLEC is economically viable, stable and fundable in the short, medium and long term.
- When CENTLEC designed the tariffs, the following were taken into consideration:
  - Costs were functionalised into the different unbundled services to which they relate.
  - Cost of Service: CENTLEC determined its cost of service as defined by NERSA.
  - Customer class definitions: customer classes were identified and properly defined.
  - Class revenue allocation: revenues were allocated to be collected from the defined customer classes. The revenue to be collected from each customer category is before adjustments for cross subsidies (as stated below) to ensure that the cost structure can be tracked (cost-reflective).
    - Tariff structures followed the cost structure – to the extent feasible given metering, customer understanding, and acceptable bill impacts.

- The tariffs will give end users proper information regarding the costs that their consumption imposes on CENTLEC's business and permits the cross-subsidy of tariffs to certain categories of customers.
- Bill and consumption impact analysis: understanding the impact of the rates designed on the typical customer. This requires that after the design of new tariff structures or restructuring of an existing tariff structure, CENTLEC considered the impact of such changes to a typical customer based on historical data (consumption patterns etc.).
- Adjustment of revenues/cross-subsidies between customer classes to address certain socio/political/environmental needs:
  - Adjustments to tariffs to provide for cross-subsidies between customer classes to address certain socio/political/environmental needs are allowed.
  - CENTLEC proposed adjustments to tariff structures/principles (that are in place to address the aforementioned issues) and such adjustments will enhance effective targeting of such programmes to benefit the intended customer's groups.
  - The adjustments of revenue between customer classes were done so that the cross-subsidies were quantified transparently while at the same time ensuring simplicity and transparency of rates.
  - Final Retail Tariffs: CENTLEC ensured that the final tariff levels proposed enabled the allowable revenue, based on the approved sales forecast, to be recovered.

## 2.2 Summary of Tariff Application

| Tariff  | % Increase | Annual Revenue   | % of Revenue | Total kWh   | R/kWh  | Number of Customers |
|---|------------|------------------|--------------|-------------|--------|---------------------|
| IBT INDIGENT FBE (Conventional & Prepaid)     | 14.59%     | R 25,272,446.36  | 0.84%        | 17,143,929  | R 1.47 | 28,450              |
| IBT Indigent Other (Conventional and Prepaid) | 14.59%     | R 84,873,385.82  | 2.81%        | 49,614,069  | R 1.71 | 0                   |
| IBT DOMESTIC (Conventional)                   | 14.59%     | R 67,879,928.27  | 2.25%        | 30,922,610  | R 2.20 | 1,700               |
| IBT DOMESTIC (Prepaid)                        | 14.59%     | R 985,188,517.63 | 32.66%       | 496,705,298 | R 1.98 | 128,350             |
| HOMEFLEX - SINGLE PHASE (AMR)                 | 14.59%     | R 171,609.53     | 0.01%        | 75,504      | R 2.27 | 6                   |
| HOMEFLEX - 3 PHASE (AMR)                      | 14.59%     | R 29,163,713.33  | 0.97%        | 12,938,943  | R 2.25 | 184                 |
| FLAT BUSINESS (Conventional and AMR)          | 14.59%     | R 27,731,614.90  | 0.92%        | 10,318,048  | R 2.69 | 403                 |
| FLAT BUSINESS (Prepaid)                       | 14.59%     | R 83,048,484.63  | 2.75%        | 31,065,525  | R 2.67 | 1,855               |
| COMFLEX - SINGLE PHASE (AMR)                  | 14.59%     | R 307,853.51     | 0.01%        | 129,966     | R 2.37 | 15                  |
| COMFLEX - THREE PHASE (AMR)                   | 14.59%     | R 66,386,417.30  | 2.20%        | 29,629,007  | R 2.24 | 626                 |
| ELECFLEX 1 (AMR)                              | 14.59%     | R 151,325,666.33 | 5.02%        | 64,969,068  | R 2.33 | 4                   |
| ELECFLEX 2 (AMR)                              | 15.21%     | R 846,112,236.90 | 28.05%       | 380,870,802 | R 2.22 | 172                 |
| ELECFLEX 3 (AMR)                              | 14.59%     | R 394,069,333.37 | 13.06%       | 140,603,357 | R 2.80 | 607                 |
| BULK RESELL 2 (AMR)                           | 14.59%     | R 67,367,866.29  | 2.23%        | 35,520,054  | R 1.90 | 35                  |
| BULK RESELL 3 (AMR)                           | 14.59%     | R 92,312,699.03  | 3.06%        | 43,213,840  | R 2.14 | 213                 |
| SPORT STADIUMS (AMR)                          | 14.59%     | R 6,317,479.21   | 0.21%        | 2,475,656   | R 2.55 | 7                   |
| DEPARTMENTAL TOU (AMR)                        | 14.59%     | R 1,260,510.31   | 0.04%        | 753,181     | R 1.67 | 7                   |



## NERSA APPLICATION FOR TARIFF APPROVAL (2021/2022)

|  |               |                         |                |                      |               |                |
|--|---------------|-------------------------|----------------|----------------------|---------------|----------------|
| <b>DEPARTMENTAL<br/>(Conventional &amp; Prepaid)</b> | 14.59%        | R 528,902.93            | 0.02%          | 263,481              | R 2.01        | 21             |
| <b>Alternative Resell</b>                            | 14.59%        | R 0.00                  | 0.00%          | 0                    | R 0.00        | 0              |
| <b>Net Metering</b>                                  | New           | R 0.00                  | 0.00%          | 0                    | R 0.00        | 0              |
| <b>STREETLIGHTS</b>                                  |               | R 87,622,679.06         | 2.90%          | 43,650,597           | R 2.01        | 0              |
|  | <b>14.62%</b> | <b>3,016,941,344.71</b> | <b>100.00%</b> | <b>1,390,862,936</b> | <b>R 1.98</b> | <b>162,655</b> |

### 3. RECOMMENDATION

It is recommended that the proposed tariff application be approved as submitted in this document. The proposed implementation date is 1 July 2021. The overall tariff increase is 14.59% and the following table summarizes the various tariffs applied for and the percentage increase per tariff:

### 4. ANNEXURE A - SUMMARY OF TARIFFS PROPOSED FOR 2021/2022

|                                 |                  |               |                  |                 |                      |                   |
|---------------------------------|------------------|---------------|------------------|-----------------|----------------------|-------------------|
| <b>Global Tariff Increase %</b> | <b>14.62%</b>    |               |                  |                 |                      |                   |
| <b>Tariff I: IBT Indigent</b>   | <b>2020/2021</b> |               | <b>2021/2022</b> |                 |                      |                   |
|                                 | <b>Summer</b>    | <b>Winter</b> | <b>Summer</b>    | <b>Winter</b>   | <b>Avg Unit Cost</b> | <b>% Increase</b> |
| <b>Basic Charge</b>             | 0.00             | 0.00          | 0.00             | 0.00            | R 0.00               | 0.00              |
| <b>Block 1 (0-50 kWh)</b>       | 1.2070           | 1.5332        | 1.3832           | 1.7570          | R 1.2766             | 14.60%            |
| <b>Block 2 (51 - 350 kWh)</b>   | 1.2846           | 1.6371        | 1.4721           | 1.8760          | R 1.3631             | 14.59%            |
| <b>Block 3 &gt;350 kWh)</b>     | 1.7529           | 1.9421        | 2.0087           | 2.2254          | R 1.6170             | 14.59%            |
| <b>Average</b>                  |                  |               | <b>R 1.6213</b>  | <b>R 1.9528</b> | <b>R 1.4189</b>      | <b>14.59%</b>     |

Connection Size:.0-80 A per phase

Type of Meter: Single or 3 Phase kWh Prepaid or Rotating Disk meter

Type of Customers: Residential Connections: Customers approved as Indigents by Mangaung Metro

## NERSA APPLICATION FOR TARIFF APPROVAL (2021/2022)

| Tariff II: IBT Domestic - Prepayment and Conventional | 2020/2021 |        | 2021/2022 |        |               | % Increase |
|---|-----------|--------|-----------|--------|---------------|------------|
|   | Summer    | Winter | Summer    | Winter | Avg Unit Cost |            |
| Basic Charge  | 0.00      | 0.00   | 0.00      | 0.00   | R 0.00        | 0.00       |
| Block 1 (0-150 kWh)                                   | 1.5479    | 1.9137 | 1.7738    | 2.1930 | R 1.8786      | 14.59%     |
| Block 2 (>150 kWh)                                    | 1.7871    | 2.3219 | 2.0478    | 2.6606 | R 1.6170      | 14.59%     |
| Average   |           |        | 1.9108    | 2.4268 | R 1.1652      | 14.59%     |

Connection Size:.0-80 A per phase

Type of Meter: Single or 3 Phase kWh Prepaid or Rotating Disk meter

Type of Customers: Residential Connections: Old Age Homes, Schools, Clinics, Boarding Houses, NGO's, Crèches, Churches

| Tariff II: Homeflex Single Phase | 2020/2021 |        | 2021/2022 |        |               | % Increase |
|----------------------------------|-----------|--------|-----------|--------|---------------|------------|
|                                  | Summer    | Winter | Summer    | Winter | Avg Unit Cost |            |
| Basic Charge                     | 165.59    | 165.59 | 189.75    | 189.75 | R 189.75      | 14.59%     |
| Peak                             | 2.1519    | 3.9627 | 2.4659    | 4.5408 | R 2.9846      | 14.59%     |
| Standard                         | 1.6139    | 2.1782 | 1.8494    | 2.4959 | R 2.0110      | 14.59%     |
| Off Peak                         | 1.3621    | 2.0994 | 1.5608    | 2.4057 | R 1.7720      | 14.59%     |
| Average                          |           |        | 1.9587    | 3.1475 | R 2.2559      | 14.59%     |

Connection Size:.80 TO 150 A per phase

Type of Meter: Single or Three phase kWh Time Of Use Meter

Type of Customers: Residential Connections, Old Age Homes, Schools, Clinics, Boarding Houses, NGO's, Crèches, Churches

## NERSA APPLICATION FOR TARIFF APPROVAL (2021/2022)

| Tariff II:<br>Homeflex Three<br>Phase | 2020/2021 |        | 2021/2022 |        |               | % Increase |
|---------------------------------------|-----------|--------|-----------|--------|---------------|------------|
|                                       | Summer    | Winter | Summer    | Winter | Avg Unit Cost |            |
| Basic Charge                          | 471.66    | 471.66 | 540.47    | 540.47 | R 540.47      | 14.59%     |
| Peak                                  | 2.1519    | 3.9627 | 2.4659    | 4.5408 | R 2.9846      | 14.59%     |
| Standard                              | 1.6139    | 2.1782 | 1.8494    | 2.4959 | R 2.0110      | 14.59%     |
| Off Peak                              | 1.3621    | 2.0994 | 1.5608    | 2.4057 | R 1.7720      | 14.59%     |
| Average                               |           |        | 1.9587    | 3.1475 | R 2.2559      | 14.59%     |

Connection Size:.80 TO 150 A per phase

Type of Meter: Single or Three phase kWh

Time Of Use Meter

Type of Customers: Residential Connections, Old Age Homes, Schools, Clinics,  
Boarding Houses, NGO's, Crèches, Churches

| BULK RESELL 2 | 2020/2021 |         | 2021/2022 |         |               | % Increase |
|---------------|-----------|---------|-----------|---------|---------------|------------|
|               | Summer    | Winter  | Summer    | Winter  | Avg Unit Cost |            |
| Basic Charge  | 2998.68   | 2998.68 | 3436.18   | 3436.18 | R 3,436.18    | 14.59%     |
| Demand Charge | 21.67     | 21.67   | 24.83     | 24.83   | R 24.83       | 14.59%     |
| Peak          | 1.8751    | 2.7181  | 2.1487    | 3.1146  | R 2.3902      | 14.59%     |
| Standard      | 1.5010    | 1.9343  | 1.7200    | 2.2166  | R 1.8441      | 14.59%     |
| Off Peak      | 1.1104    | 1.6312  | 1.2724    | 1.8692  | R 1.4216      | 14.59%     |
| Average       |           |         | 1.7137    | 2.4001  | R 1.8853      | 14.59%     |

Connection Size: (High Voltage 11kV) 500kVA and upwards  
connection size

Type of Meter: Three phase kWh Time of Use  
meter

Type of Customers: Residential Connections, Old Age Homes, Schools,  
Clinics, Boarding Houses, NGO's, Crèche's Churches, Townhouses

## NERSA APPLICATION FOR TARIFF APPROVAL (2021/2022)

| <b>BULK RESELL 3</b> | <b>2020/2021</b> |               | <b>2021/2022</b> |               |                      | <b>% Increase</b> |
|----------------------|------------------|---------------|------------------|---------------|----------------------|-------------------|
|                      | <b>Summer</b>    | <b>Winter</b> | <b>Summer</b>    | <b>Winter</b> | <b>Avg Unit Cost</b> |                   |
| <b>Basic Charge</b>  | 3120.36          | 3120.36       | 3575.62          | 3575.62       | R 3,575.62           | 14.59%            |
| <b>Demand Charge</b> | 15.48            | 15.48         | 17.73            | 17.73         | R 14.57              | 14.59%            |
| <b>Peak</b>          | 1.9216           | 2.7283        | 2.2019           | 3.1263        | R 2.4330             | 14.59%            |
| <b>Standard</b>      | 1.5657           | 2.2597        | 1.7941           | 2.5894        | R 1.9929             | 14.59%            |
| <b>Off Peak</b>      | 1.1236           | 1.5780        | 1.2875           | 1.8082        | R 1.4177             | 14.59%            |
| <b>Average</b>       |                  |               | <b>1.7612</b>    | <b>2.5080</b> | <b>R 1.9479</b>      | <b>14.59%</b>     |

Connection Size: (Low Voltage 400V) 150A to 500kVA

Type of Meter: Three phase kWh Time of Use meter

Type of Customers: Residential Connections, Old Age Homes, Schools, Clinics, Boarding Houses, NGO's, Crèche's, Churches, Townhouses

| <b>TARIFF IV - FLAT BUSINESS - Prepayment</b> | <b>2020/2021</b> |               | <b>2021/2022</b> |               |                      | <b>% Increase</b> |
|---|------------------|---------------|------------------|---------------|----------------------|-------------------|
|   | <b>Summer</b>    | <b>Winter</b> | <b>Summer</b>    | <b>Winter</b> | <b>Avg Unit Cost</b> |                   |
| <b>Basic Charge</b>                           | 0.00             | 0.00          | 0.00             | 0.00          | R 0.00               |                   |
| <b>Energy Charge</b>                          | 2.3075           | 2.4126        | 2.6442           | 2.7647        | R 2.6743             | 14.59%            |
| <b>Average</b>                                |                  |               | <b>2.6442</b>    | <b>2.7647</b> | <b>R 2.6743</b>      | <b>14.59%</b>     |

Connection Size: 0-80A per phase

Type of Meter: Single or 3 Phase kWh Prepaid meter

Type of Customers: Small Business Connections

## NERSA APPLICATION FOR TARIFF APPROVAL (2021/2022)

| TARIFF IV - FLAT<br>BUSINESS -<br>Conventional | 2020/2021 |        | 2021/2022 |        |               | % Increase |
|--|-----------|--------|-----------|--------|---------------|------------|
|  | Summer    | Winter | Summer    | Winter | Avg Unit Cost |            |
| Basic Charge                                   | 0.00      | 0.00   | 0.00      | 0.00   | R 0.00        |            |
| Energy Charge                                  | 2.3075    | 2.4126 | 2.6442    | 2.7647 | R 2.6743      | 14.59%     |
| Average  |           |        | 2.6442    | 2.7647 | R 2.6743      | 14.59%     |

Connection Size: 0-80A per phase

Type of Meter: Single or 3 Phase kWh Conventional meter Rotary

Type of Customers: Small Business

Connections

| TARIFF V -<br>DEPARTMENTAL | 2020/2021 |        | 2021/2022 |        |               | % Increase |
|----------------------------|-----------|--------|-----------|--------|---------------|------------|
|                            | Summer    | Winter | Summer    | Winter | Avg Unit Cost |            |
| Basic Charge               | 0.00      | 0.00   | 0.00      | 0.00   | R 0.00        |            |
| Energy Charge              | 1.7518    | 1.7518 | 2.0074    | 2.0074 | R 2.0074      | 14.59%     |
| Average                    |           |        | 2.0074    | 2.0074 | R 2.0074      | 14.59%     |

| TARIFF V -<br>DEPARTMENTAL<br>TOU | 2020/2021 |        | 2021/2022 |        |               | % Increase |
|-----------------------------------|-----------|--------|-----------|--------|---------------|------------|
|                                   | Summer    | Winter | Summer    | Winter | Avg Unit Cost |            |
| Peak                              | 1.8564    | 3.4906 | 2.1273    | 3.9999 | R 2.5954      | 14.59%     |
| Standard                          | 1.1896    | 1.9871 | 1.3632    | 2.2770 | R 1.5917      | 14.59%     |
| Off Peak                          | 1.0457    | 1.8956 | 1.1983    | 2.1722 | R 1.4418      | 14.59%     |
| Average                           |           |        | 1.5629    | 2.8163 | R 1.8763      | 14.59%     |

| TARIFF V - SPORT STADIUMS | 2020/2021 |        | 2021/2022 |        |               |            |
|---------------------------|-----------|--------|-----------|--------|---------------|------------|
|                           | Summer    | Winter | Summer    | Winter | Avg Unit Cost | % Increase |
| Peak                      | 3.0591    | 5.4777 | 3.5055    | 6.2768 | R 4.1983      | 14.59%     |
| Standard                  | 1.9347    | 2.9676 | 2.2170    | 3.4005 | R 2.5129      | 14.59%     |
| Off Peak                  | 1.6472    | 2.6670 | 1.8876    | 3.0561 | R 2.1797      | 14.59%     |
| Average                   |           |        | 2.5367    | 4.2445 | R 2.9636      | 14.59%     |

| Tariff VI: Complex Single Phase | 2020/2021 |        | 2021/2022 |        |               |            |
|---------------------------------|-----------|--------|-----------|--------|---------------|------------|
|                                 | Summer    | Winter | Summer    | Winter | Avg Unit Cost | % Increase |
| Basic Charge Single Phase       | 170.03    | 170.03 | 194.84    | 194.84 | R 194.84      | 14.59%     |
| Peak                            | 2.6393    | 3.9118 | 3.0244    | 4.4825 | R 3.3889      | 14.59%     |
| Standard                        | 1.4728    | 2.3919 | 1.6877    | 2.7409 | R 1.9510      | 14.59%     |
| Off Peak                        | 1.3668    | 1.7556 | 1.5662    | 2.0117 | R 1.6776      | 14.59%     |
| Average                         |           |        | 2.0928    | 3.0784 | R 2.3392      | 14.59%     |

Connection Size: 80 to 150A per phase  
Type of Meter: Single phase kWh Time of Use meter  
Type of Customers: Commercial

## NERSA APPLICATION FOR TARIFF APPROVAL (2021/2022)

| Tariff VI: Complex Three Phase | 2020/2021 |        | 2021/2022 |        |               | % Increase |
|--------------------------------|-----------|--------|-----------|--------|---------------|------------|
|                                | Summer    | Winter | Summer    | Winter | Avg Unit Cost |            |
| Basic Charge Three Phase       | 510.11    | 510.11 | 584.54    | 584.54 | R 584.54      | 14.59%     |
| Peak                           | 2.6393    | 3.9118 | 3.0244    | 4.4825 | R 3.3889      | 14.59%     |
| Standard                       | 1.4728    | 2.3919 | 1.6877    | 2.7409 | R 1.9510      | 14.59%     |
| Off Peak                       | 1.3668    | 1.7556 | 1.5662    | 2.0117 | R 1.6776      | 14.59%     |
| Average                        |           |        | 2.0928    | 3.0784 | R 2.3392      | 14.59%     |

Connection Size: 80 to 150A per phase  
 Type of Meter: 3 phase kWh Time of Use meter  
 Type of Customers: Commercial

| Tariff VII: Elecflex 1 | 2020/2021 |         | 2021/2022 |         |               | % Increase |
|------------------------|-----------|---------|-----------|---------|---------------|------------|
|                        | Summer    | Winter  | Summer    | Winter  | Avg Unit Cost |            |
| Basic Charge           | 3697.25   | 3697.25 | 4236.68   | 4236.68 | R 4,236.68    | 14.59%     |
| Access Charge          | 50.24     | 50.24   | 57.57     | 57.57   | R 57.57       | 14.59%     |
| Demand Charge          | 140.02    | 140.02  | 160.45    | 160.45  | R 160.45      | 14.59%     |
| Peak                   | 1.7240    | 3.3928  | 1.9755    | 3.8878  | R 2.4536      | 14.59%     |
| Standard               | 1.1309    | 1.7378  | 1.2959    | 1.9913  | R 1.4698      | 14.59%     |
| Off Peak               | 1.0481    | 1.6274  | 1.2011    | 1.8648  | R 1.3670      | 14.60%     |
| Average                |           |         | 1.4908    | 2.5813  | R 1.7635      | 14.59%     |

Connection Size: All customers feeding directly from a Distribution Centre  
 Type of Meter: Combination kWh/kVA Time of Use meter  
 Type of Customers: Bulk Business Connections

**NERSA APPLICATION FOR TARIFF APPROVAL (2021/2022)**

| Tariff VII: Elecflex<br>2 | 2020/2021 |         | 2021/2022     |               |                 | % Increase    |
|---------------------------|-----------|---------|---------------|---------------|-----------------|---------------|
|                           | Summer    | Winter  | Summer        | Winter        | Avg Unit Cost   |               |
| <b>Basic Charge</b>       | 2449.85   | 2449.85 | 2807.28       | 2807.28       | R 2,807.28      | 14.59%        |
| <b>Access Charge</b>      | 55.66     | 55.66   | 63.78         | 63.78         | R 63.78         | 14.59%        |
| <b>Demand Charge</b>      | 151.04    | 151.04  | 173.07        | 173.07        | R 173.07        | 14.59%        |
| <b>Peak</b>               | 1.7240    | 3.3880  | 1.9755        | 3.8823        | R 2.4522        | 14.59%        |
| <b>Standard</b>           | 1.1309    | 1.7333  | 1.3299        | 1.8649        | R 1.4636        | 15.09%        |
| <b>Off Peak</b>           | 0.9981    | 1.5888  | 1.2235        | 1.6459        | R 1.3291        | 17.84%        |
| <b>Average</b>            |           |         | <b>1.5096</b> | <b>2.4643</b> | <b>R 1.7483</b> | <b>15.21%</b> |

Connection Size: (High Voltage 11kV) 500kVA and upwards  
connection size

Type of Meter: Combination kWh/kVA Time of Use meter

Type of Customers: Bulk Business Connections

| Tariff VII: Elecflex<br>3 | 2020/2021 |         | 2021/2022     |               |                 | % Increase    |
|---------------------------|-----------|---------|---------------|---------------|-----------------|---------------|
|                           | Summer    | Winter  | Summer        | Winter        | Avg Unit Cost   |               |
| <b>Basic Charge</b>       | 1909.64   | 1909.64 | 2188.25       | 2188.25       | R 2,188.25      | 14.59%        |
| <b>Access Charge</b>      | 58.14     | 58.14   | 66.63         | 66.63         | R 66.63         | 14.59%        |
| <b>Demand Charge</b>      | 163.13    | 163.13  | 186.93        | 186.93        | R 186.93        | 14.59%        |
| <b>Peak</b>               | 1.8118    | 3.3913  | 2.0761        | 3.8862        | R 2.5287        | 14.59%        |
| <b>Standard</b>           | 1.1872    | 1.7283  | 1.3604        | 1.9805        | R 1.5154        | 14.59%        |
| <b>Off Peak</b>           | 1.0626    | 1.6174  | 1.2175        | 1.8534        | R 1.3765        | 14.58%        |
| <b>Average</b>            |           |         | <b>1.5514</b> | <b>2.5734</b> | <b>R 1.8069</b> | <b>14.59%</b> |

Connection Size: 150A to 500kVA

Type of Meter: Combination kWh/kVA Time of Use meter

Type of Customers: Bulk Business Connections



**NERSA APPLICATION FOR TARIFF APPROVAL (2021/2022)**

| TARIFF STREETLIGHTS | 2020/2021                              |        | 2021/2022 |        |               | % Increase |
|---------------------|--|--------|-----------|--------|---------------|------------|
|                     | Summer                                 | Winter | Summer    | Winter | Avg Unit Cost |            |
| Basic Charge        | 0.00                                   | 0.00   | 0.00      | 0.00   | R 0.00        | 0.00%      |
| Energy Charge       | 0.0000                                 | 0.0000 | 2.0074    | 2.0074 | R 2.0074      | 0.00%      |
| Average             | NEW INITIALLY WAS UNDER DEPT FLAT RATE |        | 2.0074    | 2.0074 | R 2.0074      | 0.00%      |

| NEW TARIFF NET METERING   |                  |          |                  |        |               |
|---------------------------|------------------|----------|------------------|--------|---------------|
| TARIFF Net Metering (NEW) | 2021/2022 IMPORT |          | 2021/2022 EXPORT |        | Avg Unit Cost |
|                           | Summer           | Winter   | Summer           | Winter |               |
| Homeflex                  |                  |          |                  |        |               |
| Basic Charge Single Phase | 189.7454         | 189.7454 |                  |        |               |
| Basic Charge 3 phase      | 540.47           | 540.47   | 0.00             | 0.00   | 540.47        |
| Peak                      | 2.4659           | 4.5408   | 1.3350           | 4.0925 | R 2.9846      |
| Standard                  | 1.8494           | 2.4959   | 0.9188           | 1.2396 | R 2.0110      |
| Off Peak                  | 1.5608           | 2.4057   | 0.5827           | 0.6731 | R 1.7720      |
| Average                   | 1.5608           | 2.4057   |                  |        | R 2.2559      |

**NERSA APPLICATION FOR TARIFF APPROVAL (2021/2022)**

| TARIFF Net Metering (NEW) | 2021/2022 IMPORT |               | 2021/2022 EXPORT |        | Avg Unit Cost   |
|---------------------------|------------------|---------------|------------------|--------|-----------------|
|                           | Summer           | Winter        | Summer           | Winter |                 |
| <b>Bulk Resell</b>        |                  |               |                  |        |                 |
| <b>Basic Charge</b>       | 3575.62          | 3575.62       | 0.00             | 0.00   | R 3,575.62      |
| <b>Demand Charge</b>      | 17.73            | 17.73         | 0.00             | 0.00   | R 17.73         |
| <b>Peak</b>               | 2.2019           | 3.1263        | 1.3350           | 4.0925 | R 2.4330        |
| <b>Standard</b>           | 1.7941           | 2.5894        | 0.9188           | 1.2396 | R 1.9929        |
| <b>Off Peak</b>           | 1.2875           | 1.8082        | 0.5827           | 0.6731 | R 1.4177        |
| <b>Average</b>            | <b>1.2875</b>    | <b>1.8082</b> |                  |        | <b>R 1.9479</b> |

| TARIFF Net Metering (NEW)        | 2021/2022 IMPORT |               | 2021/2022 EXPORT |        | Avg Unit Cost   |
|----------------------------------|------------------|---------------|------------------|--------|-----------------|
|                                  | Summer           | Winter        | Summer           | Winter |                 |
| <b>Complex</b>                   |                  |               |                  |        |                 |
| <b>Basic Charge Single Phase</b> | 194.837<br>4     | 194.837<br>4  |                  |        |                 |
| <b>Basic Charge Three Phase</b>  | 584.54           | 584.54        | 0.00             | 0.00   | R 584.54        |
| <b>Peak</b>                      | 3.0712           | 4.5520        | 1.3350           | 4.0925 | R 3.4414        |
| <b>Standard</b>                  | 1.7138           | 2.7833        | 0.9188           | 1.2396 | R 1.9812        |
| <b>Off Peak</b>                  | 1.5905           | 2.0429        | 0.5827           | 0.6731 | R 1.7036        |
| <b>Average</b>                   | <b>1.5905</b>    | <b>2.0429</b> |                  |        | <b>R 2.3754</b> |

**NERSA APPLICATION FOR TARIFF APPROVAL (2021/2022)**

| TARIFF Net Metering (NEW) | 2021/2022 IMPORT |               | 2021/2022 EXPORT |        | Avg Unit Cost   |
|---------------------------|------------------|---------------|------------------|--------|-----------------|
|                           | Summer           | Winter        | Summer           | Winter |                 |
| <b>Elecflex 1</b>         |                  |               |                  |        |                 |
| Basic Charge              | 4236.68          | 4236.68       | 0.00             | 0.00   | R 4,236.68      |
| Access Charge             | 57.57            | 57.57         | 0.00             | 0.00   | R 57.57         |
| Demand Charge             | 160.45           | 160.45        | 0.00             | 0.00   | R 160.45        |
| Peak                      | 1.9755           | 3.8878        | 1.3350           | 4.0925 | R 2.4536        |
| Standard                  | 1.2959           | 1.9913        | 0.9188           | 1.2396 | R 1.4698        |
| Off Peak                  | 1.2011           | 1.8648        | 0.5827           | 0.6731 | R 1.3670        |
| Average                   | <b>1.2011</b>    | <b>1.8648</b> |                  |        | <b>R 1.7635</b> |

| TARIFF Net Metering (NEW) | 2021/2022 IMPORT |               | 2021/2022 EXPORT |        | Avg Unit Cost   |
|---------------------------|------------------|---------------|------------------|--------|-----------------|
|                           | Summer           | Winter        | Summer           | Winter |                 |
| <b>Elecflex 2</b>         |                  |               |                  |        |                 |
| Basic Charge              | 2807.28          | 2807.28       | 0.00             | 0.00   | R 2,807.28      |
| Access Charge             | 63.78            | 63.78         | 0.00             | 0.00   | R 63.78         |
| Demand Charge             | 173.07           | 173.07        | 0.00             | 0.00   | R 173.07        |
| Peak                      | 1.9755           | 3.8823        | 1.3350           | 4.0925 | R 2.4522        |
| Standard                  | 1.3299           | 1.8649        | 0.9188           | 1.2396 | R 1.4636        |
| Off Peak                  | 1.2235           | 1.6459        | 0.5827           | 0.6731 | R 1.3291        |
| Average                   | <b>1.2235</b>    | <b>1.6459</b> |                  |        | <b>R 1.7483</b> |

| TARIFF Net Metering (NEW) | 2021/2022 IMPORT |               | 2021/2022 EXPORT |        | Avg Unit Cost   |
|---------------------------|------------------|---------------|------------------|--------|-----------------|
|                           | Summer           | Winter        | Summer           | Winter |                 |
| <b>Elecflex 3</b>         |                  |               |                  |        |                 |
| <b>Basic Charge</b>       | 2188.25          | 2188.25       | 0.00             | 0.00   | R 2,188.25      |
| <b>Access Charge</b>      | 66.63            | 66.63         | 0.00             | 0.00   | R 66.63         |
| <b>Demand Charge</b>      | 186.93           | 186.93        | 0.00             | 0.00   | R 186.93        |
| <b>Peak</b>               | 2.0761           | 3.8862        | 1.3350           | 4.0925 | R 2.5287        |
| <b>Standard</b>           | 1.3604           | 1.9805        | 0.9188           | 1.2396 | R 1.5154        |
| <b>Off Peak</b>           | 1.2175           | 1.8534        | 0.5827           | 0.6731 | R 1.3765        |
| <b>Average</b>            | <b>1.2175</b>    | <b>1.8534</b> |                  |        | <b>R 1.8069</b> |

## 5. ANNEXURE B - FINANCIAL INDICATORS

| REVENUE PER CHARGE TYPE       |                    |                      |
|-------------------------------|--------------------|----------------------|
|                               | Revenue 2021/2022  | % of Total 2021/2022 |
| <b>Basic Charges (Fixed)</b>  | R 38 212 788,97    | 1,27%                |
| <b>Access Charges (kVA)</b>   | R 139 129 937,05   | 4,61%                |
| <b>Demand Charges (kVA)</b>   | R 251 028 069,17   | 8,32%                |
| <b>Peak Charges (kWh)</b>     | R 258 221 471,37   | 8,56%                |
| <b>Standard Charges (kWh)</b> | R 465 648 533,04   | 15,43%               |
| <b>Off Peak Charges (kWh)</b> | R 403 083 023,11   | 13,36%               |
| <b>Energy Charges (kWh)</b>   | R 1 461 617 522,00 | 48,45%               |
| <b>Total</b>                  | R 3 016 941 344,70 |                      |

