

CITY POWER

REQUEST FOR APPROVAL TO AMEND TARIFF OF CHARGES FOR ELECTRICITY SERVICES: 2018/19**1. STRATEGIC THRUST**

Alignment to GDS 2040 & IDP

2. OBJECTIVE

To propose electricity tariffs increases and amendment of charges for 2018 and 2019 financial year and the continuation of all the surcharges as approved by the Mayoral Committee and Council of City of Johannesburg for City Power Johannesburg Pty Ltd areas of supply.

3. BACKGROUND**3.1 NERSA**

City Power has to comply with the Municipal Finance Management Act (MFMA) regulations and satisfy the requirements from the City of Johannesburg (COJ). One of the important milestones to pass is compliance to the NERSA proposed regulations. Every year NERSA provides a guideline for general tariff increases by municipalities and distributors, as well as updates to a standard set of benchmarks which are meant to guide the tariff structure development of licensees. The indicative benchmarks proposed below indicate that:

- Bulk purchase energy costs as percentage of total costs: a benchmark of 74% with an acceptable range of 58% - 78%,
- Surplus as percentage of electricity sales: a benchmark of 15% with an acceptable range of 10% - 20%,
- Total system losses: a benchmark of 10% and an acceptable range of 5% - 12%,
- Average sales price ratio to average purchase price set at a benchmark of 1:1.58 with an acceptable range of 1:1.58-1:1.62
- Spending on repairs & maintenance to be 6% of sales revenue
- Debt collection rate: 95%

NERSA on 15 December 2017 made a determination on Eskom's allowed revenue for the 2018/19 financial year. Subsequently the Eskom Retail Tariff and Structural Adjustment for 2018/19 was approved at an overall increase of 5.23% which translated into a 7.32% increase to the Eskom tariffs to municipal distributors.

NERSA has on 28 February 2018 published a consultation paper on the guideline municipal increase, benchmarks and proposed timelines for municipal tariff approval process for the 2018/19 financial year. Stakeholders are expected to comment on the consultation paper 20 March 2018 and NERSA anticipates to finalise the municipal guideline by April 2018.

Based on the NERSA methodology the draft municipal guideline increase for 2018/19 is 6.84%.

Based on analysis of the 2015/16 Municipal distribution forms (D-forms) NERSA determined the average cost structure of a typical municipal electricity distribution entity to be follows:

1. Bulk purchase cost to be 4%,
2. Salaries and Wages to be 10%,
3. Repairs and Maintenance to be 6%,
4. Capital Charges to be 5%,
5. All other Cost to be 5%

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The municipal tariff guideline further assumes the following escalations in each of the respective elements of the cost structure:

1. Municipal Bulk purchase at an average increase of 7.23%
2. Salaries and Wages at an average increase of consumer price index (CPI)¹ +1% i.e. 6.1%
3. Repairs and Maintenance at an average increase based on CPI i.e. 5.1%,
4. Capital Charges at an average increase of CPI (5.1%) and
5. All Other Costs at an average increase of CPI as well.

The resultant NERSA proposed municipal tariff guideline of 6.84% is the combined NERSA benchmark average increase in the weighted average cost structure and therefore the rate at which municipal tariffs should on average be increased at for 2018/19 municipal financial year.

It is otherwise generally accepted that tariffs should reflect costs as far as possible and that cross-subsidisation of Residential consumers by commercial and industrial customers would be preferred. NERSA expects municipalities to conduct cost of sales studies and if this cannot be done NERSA intends to benchmark their tariffs with Eskom tariffs. Such a cost of supply study was completed in FY2015/16 at City Power. City Power will during the 2018/19 financial year endeavour to update the cost of supply study to be in line with the updated NERSA guideline for cost of supply studies.

3.2 BULK PURCHASES

City Power continues to procure electricity and related services from both Eskom through the Electricity Supply Agreement and Kelvin Power (an IPP) through a 20 year Power Purchase Agreement.

City Power has experienced a declining trend in total demand which can be ascribed to a slow economic recovery, energy efficiency improvements and technology conversions to exploit alternative energy sources, reduced consumption base and a variety of other factors. This appears to be congruent with the trend in the rest of South Africa. The declining rate is expected to be sustained for FY2017/18. Based on current year-to-date trends it is expected that the demand for the FY 2018/19 to slightly increase by 0.5% when compared to the FY201718 financial year of 11 755GWh.

¹ Bureau for Economic Research (BER) 2018/19

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The historic growth rates in total volumes are evident from the following table:

Financial Year	Actual Growth	
	Demand (GWh/a)	Volume Growth
FY2004/05	11 727	
FY2005/06	12 147	3,6%
FY2006/07	12 900	6,2%
FY2007/08	13 091	1,5%
FY2008/09	12 938	-1,2%
FY2009/10	13 115	1,4%
FY2010/11	13 114	0,0%
FY2011/12	13 066	-0,4%
FY2012/13	12 826	-1,8%
FY2013/14	12 623	-1,6%
FY2014/15	12 361	-2,1%
FY2015/16	12 159	-1,6%
FY2016/17	12 151	-0,1%
FY2017/18	11 755	-3,3%
FY2018/19	11 813	0,5%

3.3 COJ TARIFF POLICY

The COJ has a policy for tariff setting by utility distributors. The principles for electricity tariff setting are captured in the following summary:

- Social norms
 - Tariffs should be equitable and affordable;
 - Tariffs must allow provision of basic services to everyone;
 - Tariffs must provide for transparent cross-subsidisation of poor households where necessary and feasible;
 - The tariff structure and levying process should be simple and easy to implement.
- Economic norms
 - Tariffs should encourage local economic development in line with the GDS of the COJ;
 - Tariffs should have a positive influence on economic input factor costs for industrial and commercial firms;
 - Tariff setting should be aligned with economic policies of the country.
- Financial norms
 - Whenever feasible the tariffs should be cost reflective and cost effectively link into the COJ financial framework;
 - Tariffs should be linked to unit costing and efficiency improvements;
 - Tariffs should promote sustainability and extension of service provision.

3.4 CURRENT TARIFF STRUCTURE

The current tariff structure consists of the following categories:

- Residential tariffs
 - Prepaid (5 inclining blocks)
 - Post-paid (single-phase seasonal and non-seasonal tariffs- 5 inclining blocks)
 - Post-paid (three-phase seasonal and non-seasonal tariffs- 5 inclining blocks)
 - Time-of-use (TOU for single-phase and three-phase)
 - Residential reseller Prepaid tariff (5 inclining blocks)
 - Post-paid residential reseller (non-seasonal tariffs- 5 inclining blocks)
- Agricultural tariffs
 - Three part agricultural tariff
- Business tariffs

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- Prepaid (5 inclining blocks)
- Post-paid (three part seasonal tariffs- 5 inclining blocks)
- Business reseller Prepaid tariff (5 inclining blocks)
- Post-paid business reseller (non-seasonal tariffs- 5 inclining blocks)

- Large power user tariffs (LPU)
 - Four part seasonal tariffs
 - Low voltage (400V)
 - Medium voltage (3,3-11 kV)
- Large power user TOU tariffs
 - Four part seasonal tariffs
 - Low voltage (400V)
 - Medium voltage (3,3-11 kV)
 - High voltage (>11kV)

- Embedded Generation Tariffs
 - Customers with the capability to export power back into the City Power network

It is however proposed that both the residential and business prepaid tariffs be discontinued as City Power currently does not have customers on these tariffs and also does not envisage to in future enrol customers on the particular tariffs. This is because it is essentially impractical for resellers to buy electricity on prepaid for City Power for purpose of reselling to the end customers.

Tariffs normally consist of three to four components, i.e.

- Energy – reflecting direct consumption of electricity
- Service – reflecting cost of customer services
- Capacity - reflecting cost of access to the grid
- Demand/Capacity – reflecting network transmission/distribution costs

All customer categories are subject to an energy charge.

All consumption categories are subject to service and capacity charges, except for prepaid customers. It is however proposed that all prepaid customers start to contribute to their fixed cost of access to the City Power grid.

Only large power users and large power user (TOU) customers are subject to demand charges.

3.5 CURRENT PROCESS FOR TARIFF STRUCTURING

The tariff structuring process covers the following major activities and milestones:

- Comments on the NERSA consultation paper on the municipal guideline increase and participation in possible NERSA public hearing on the municipal guideline increase ,
- Analyse the approved NERSA guidelines for the average tariff escalation rate for the next financial year,
- Consider the revenue requirements for the next financial year,
- Confirm the socio-economic goals to be achieved through the tariff structure,
- Consider national legislation,
- Consider the requirements of the COJ growth and development strategy,
- Consider local economic development requirements,
- Determine and evaluate escalations per user category and charge type,
- Clarify distribution of tariff increases across the various user categories and the implication of adjustments to the tariff structure,
- Submit the proposed new tariff structure to the COJ Council and NERSA for approval – this may be done in more than one round.

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3.6 MARKET SEGMENTATION

The table on page 4 indicates the expected distribution of customers and expected consumption levels for City Power during 2018/19. The content in this table forms the basis for estimating the aggregate consumption and sales revenue.

The table includes the expected contributions from the reseller prepaid and conventional markets in the residential and business sectors.

No data is available to determine the number of users or the average consumption per user for the recently approved residential time-of-use tariffs as we do not as yet have customers on that tariff category.

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Segment	Supply grade	Units	Block	Number of Customers	Avg monthly consumption per customer (kWh)
Large customers - TOU	HV	kWh		-	-
Large customers - TOU	MV	kWh		58	1 577 656
Large customers - TOU	LV	kWh		11	140 006
Large customers	MV	kWh		217	358 379
Large customers	LV	kWh		3213	42 870
Business (conventional)	400V	kWh	0 - 500	1 833	948
		kWh	501 - 1000	1 003	1 197
		kWh	1001 - 2000	1 355	1 777
		kWh	2001 - 3000	864	2 678
		kWh	> 3000	3 517	10 812
Business (prepaid)	400V	kWh	0 - 500	3 632	432
		kWh	501 - 1000	3 824	820
		kWh	1001 - 2000	-	-
		kWh	2001 - 3000	-	-
		kWh	> 3000	-	-
Agricultural	400V	kWh		27	2 018
Domestic (3 phase, TOU)	400V	kWh		-	-
Domestic (1 phase, TOU)	400V	kWh		-	-
Domestic (3 phase, seasonal)	400V	kWh	0 - 500	6	4 177
		kWh	501 - 1000	6	789
		kWh	1001 - 2000	3	21 025
		kWh	2001 - 3000	1	2 005
		kWh	> 3000	1	5 533
Domestic (1 phase, seasonal)	400V	kWh	0 - 500	17	256
		kWh	501 - 1000	11	771
		kWh	1001 - 2000	5	952
		kWh	2001 - 3000	3	2 284
		kWh	> 3000	2	5 939
Domestic (3 phase)	400V	kWh	0 - 500	7 312	4 034
		kWh	501 - 1000	6 629	3 030
		kWh	1001 - 2000	5 020	2 012
		kWh	2001 - 3000	1 633	2 303
		kWh	> 3000	2 939	6 906
Domestic (1 phase)	400V	kWh	0 - 500	42 657	343
		kWh	501 - 1000	37 406	669
		kWh	1001 - 2000	16 768	1 202
		kWh	2001 - 3000	3 042	1 923
		kWh	> 3000	2 781	2 677
Domestic (prepaid) *	400V	kWh	0 - 500	114 892	397
		kWh	501 - 1000	-	-
		kWh	1001 - 2000	-	-
		kWh	2001 - 3000	-	-
		kWh	> 3000	-	-
Other	MV	kWh		2	5 713 945

TOTAL / AVG

260 690

2 198

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The following table indicates the current (FY2017/18) modelled consumption and revenue contributions of the various categories:

Segment	Contribution	
	FY18	
Contribution	Rand	KWh
Other TOU	0,53%	1,01%
Large Power User (MV-TOU)	13,21%	16,13%
Large Power User (LV-TOU)	0,23%	0,27%
LPM-MV	13,09%	13,71%
LPU-LV	28,77%	24,28%
Business Conventional	10,45%	7,95%
Business Prepaid	0,90%	0,83%
Agricultural	0,01%	0,01%
Residential Conventional	25,98%	26,18%
Residential Prepaid	5,72%	8,04%
Reseller Residential Conventional	1,01%	1,49%
Reseller Business Conventional	0,11%	0,10%
Totals	100,00%	100,00%

3.7 CURRENT CROSS-SUBSIDISATION LEVELS

The cost of supply study, has shown to be very useful in approximating the actual levels of cross-subsidisation. The updated cost of supply study will however have to be expanded to allow the reflection of lower levels of aggregation.

It was evident from the outcomes of the cost of supply study that the “Large Power Users LV and business conventional customers categories contribute substantially to allow the subsidisation of the residential sector specially the prepaid customer category. It is our intention to over the longer term reduce the level of cross subsidisation to prepaid customers by way of increase contribution by this sector to their same of fixed operating cost.

The prepaid customers therefore do not adequately contribute to the fixed capacity charge though the services and administration cost are adequately covered in the energy charges to prepaid customers. It is proposed that City Power prioritises plans around ensuring that the prepaid customers start making contributions to the monthly fixed capacity charges.

3.8 COST REFLECTIVE CHARGES

A cost of supply study, which was conducted by City Power during the previous financial year, indicates the allocation of specific cost items to (i) customer services (to warrant the recovery of service charges), (ii) network related costs (to warrant the recovery of capacity and demand charges) and (iii) energy costs (to warrant recovery of energy charges).

The allocation layout in the following table supports the derivation of a reasonable design of the tariff structure for 2018/19.

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	Services	Network	Energy
Fixed expenses			
Salaries & wages			
Overhead (services, mgmt, etc.)			1.8%
Billing	0.4%		
Revenue collection	0.2%		
Customer services	0.2%		
Network staff		3.4%	
Administration			
Meter reading	0.3%		
Vending	0.1%		
Info services	0.1%		
Customer services centre	0.2%		
Billing infrastructure	0.3%		
Meter capital depreciation & amortisation		0.3%	
Network asset depreciation		2.3%	
Financing costs		3.0%	
Bad debt			3.3%
Maintenance			
Network operations		0.2%	
Network maintenance		1.1%	
Control room & fault centre		0.9%	
Vehicles		0.5%	
General overhead expenses			
Professional fees			1.7%
Internal charges			2.8%
Other costs			3.4%
Bulk purchase			
Admin charge	0.2%		
NA charge		5.4%	
Demand charge		3.2%	
Demand charge		2.4%	
Variable expenses (related to energy sales volume)			
Bulk purchase			
Energy charge			59.2%
Engineering operations (repairs)			3.3%
DSM levy (credit)			
Total	1.9%	22.6%	75.5%

The proxy indicators specify that 1,9% of the total recovery needs to be allocated to service charges, while 22,6% of the total recovery needs to be allocated to network related charges (capacity and 'demand'). The remainder of 75,5% has to be recovered from energy charges.

Besides this guideline for charge allocation, other constraints are also considered in the design, i.e.

- The service and capacity charge combination should be limited to the guidelines provided by NERSA, as any substantial deviation from these guidelines might upset the current balance.

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- A design load factor of 30% is prescribed by NERSA, while indications are that the large power users' average demand load factor is $\pm 50\%$.
- City Power executes the policy to not have any fixed charges in the prepaid structure for Residential, commercial and reseller prepaid tariffs. This leads to an artificial conversion of potential service and capacity charges to be allocated to the energy component (the only component of this tariff).

Although the abovementioned allocation guideline was considered as the basis for charge allocations, the additional constraints forced the eventual distribution of charges to be 1.7% for services, 20.7% for networks and 77,6% for energy.

3.9 DESIGN PRINCIPLES FOR 2018/19 AND BEYOND

The following design principles dictate the tariff setting required for the 2018/19 financial year:

- Use the high level cost allocation guideline which distinguishes between services, network and energy related costs, combined with other constraints to determine recoveries through service, capacity, demand and energy charges in the proposed tariff structure;
- Assume load factors for our LPU and TOU customers, that are consistent with actual performance of the City Power system;
- The level of cross subsidisation between conventional residential customers and residential prepaid customers remains high with a high cross-over consumption level between the two customer groups. The ultimate aim is to normalise the differential between the prepaid and conventional tariffs to allow a cross-over at $\pm 1\ 500$ kWh/month from its current cross over level of $\pm 3\ 850$ kWh/month. The prepaid tariff should be extended from the current 1 part tariff format to 2 part tariff format with the introduction of a fixed Rand per month charge (Capacity Charge) in order to accelerate the pace at which it adjust the cross over point to the appropriate level.
- The Eskom Megaflex differentials between high and low demand seasons, as well as peak, standard, off-peak categories are applied to all seasonal and TOU categories where applicable;
- Allow reasonable targets for non-technical losses recovery;
- Maintain the status quo on reseller tariff after implementing a discount of $\pm 12\%$ to allow for a margin of not more than 10% for resellers in the 2018/19 tariffs.
- Rationalisation of a number of residential and business tariffs to gradually reduce the number of tariffs to ease the administrative burden. City Power is committed to introduce further rationalisation of tariffs whenever considered necessary.

CITY POWER**4 PROPOSED TARIFF FEATURES AND CONSEQUENCES****4.1 OVERALL SALES REVENUE INCREASE**

NERSA municipal tariff guideline increase of 6.84% for 2018/19 financial year is based on the Eskom bulk purchase cost increase of 5.23%. Approximately 11.6% of the City Power Bulk purchases is from Kelvin Power Station. Based on the long-term power purchase agreement with Kelvin the bulk purchase cost is on average going to approximately 12.22%. When considering the increase in Kelvin Bulk Purchase cost as well as the slightly different City Power actual cost structure the City Power equivalent to the NERSA municipal guideline increase is 7.37% as can be seen in the Table below.

City Power Equivalent Cost Structure

City Power Specific Tariff Guideline Increase			
	Cost Structure	Expected Increase	Weighed Contribution
Bulk purchases: Eskom	61,5%	7,32%	4,50%
Bulk purchases: Kelvin	11,6%	12,22%	1,42%
Total Bulk Purchase Cost	73,1%	8,10%	5,92%
Salaries & wages	7,6%	6,1%	0,46%
Repairs & maintenance	5,7%	5,1%	0,29%
Capital charges	3,3%	5,1%	0,17%
Other expenses	10,4%	5,1%	0,53%
Overall % Increase			7,37%

It is therefore proposed that the City Power tariffs on average be increased by 7.37% before consideration of the effect of proposed introduction of fixed services charges for all prepaid customers. While the proposed increase is 0.5 percentage points higher than the NERSA Municipal Tariff Guideline increase of 6.84% it is consistent with the NERSA methodology when considering impact of the Kelvin Power Station bulk purchase cost.

City Power will prioritise working around the implementation of the capacity charges for both business and residential prepaid customers. This is necessitated by the following;

- The requirement to ensure that the utility adequately covers the costs of providing and maintaining the service connection to all its customers irrespective of whether there is consumption or not.
- As customers are more and more inclined to invest in renewable energy technologies for various reasons, the City Power grid will remain as a backup for these technologies and as such there is a cost associated with ensuring security of supply to those customers.
- As City Power's volumes are on the decline over the past couple of years, it therefore becomes important that our business model is aligned to recognize that our asset through which we provide a service is the network and that energy is a mere pass through from generators.

This will however amount to unbundling of the current energy only tariff (flat) structure into a two-part tariff structure as a result the impact on the particular customer groups will be above the City Power guideline increase. It is however our intention to limit the overall City Power average tariff increase to be in line with our proposed benchmark tariff increase of 7.37%.

It is also proposed to limit the average tariff increase to the rest of the business post-paid customers in order to gradually make this category more competitive. On the other hand it is proposed to increase the LPU TOU peak energy charges by an added percentage point in order to improve the particular margins.

It is further proposed to rationalise the current Residential Three Phase 60A and Residential Three Phase 80A TOU into one Residential Three Phase Tariff (up to and including 80A) as well as to discontinue the Residential Reseller Prepaid and Business Reseller Prepaid tariffs as City Power currently does not have

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customers on the particular tariff categories and as well do not envisage to in future have customers on the particular tariffs.

A summary of the expected escalations for the next three years is presented in the following:

Segment	Overall Tariff Escalation Rates			
	FY18	FY19	FY20	FY21
Large Power User (MV-TOU)	2.28%	7,55%	9,02%	7,31%
Large Power User (LV-TOU)	2.28%	7,54%	9,02%	7,31%
LPM-MV	2.28%	7,37%	9,02%	7,31%
LPU-LV	2.28%	7,37%	9,02%	7,31%
Business Conventional	2.28%	7,13%	9,02%	7,31%
Business Prepaid	2.28%	7,37%	9,02%	7,31%
Agricultural	2.28%	7,37%	9,02%	7,31%
Residential Conventional	2.28%	7,37%	9,02%	7,31%
Residential Prepaid	2.28%	7,37%	9,02%	7,31%
Reseller Residential Conventional	2.28%	7,37%	9,02%	7,31%
Reseller Business Conventional	2.28%	7,37%	9,02%	7,31%
Totals	2.28%	7,37%	9,02%	7,31%

City Power intends to reduce total losses in supply to a level of 16% in the financial year 2018/19.

4.2 IMPLICATIONS OF PROPOSED TARIFF INCREASES

A summary of the proposed tariffs for the various customer categories for financial year 2018/19 is presented in Annexure B.

4.3 INCLINING BLOCK TARIFF STRUCTURE

All stepped tariff structures reflect inclining tariff increases with increasing consumption levels. This applies to commercial and Residential energy charges, both conventional and prepaid.

4.4 COMMERCIAL TARIFF CATEGORY

The deviation between the proposed commercial tariffs and the City Power benchmark increase is aimed at addressing the need to gradually normalise the business post-paid tariffs. The cost of supply study indicates that the commercial tariffs are reasonably close to that justified by the cost structure to deliver electricity to this customer category. Though the proposed average increase at 5.79% is below the benchmark increase the proposed average tariff is still higher than that proposed by NERSA.

4.5 PREPAID TARIFF CATEGORY

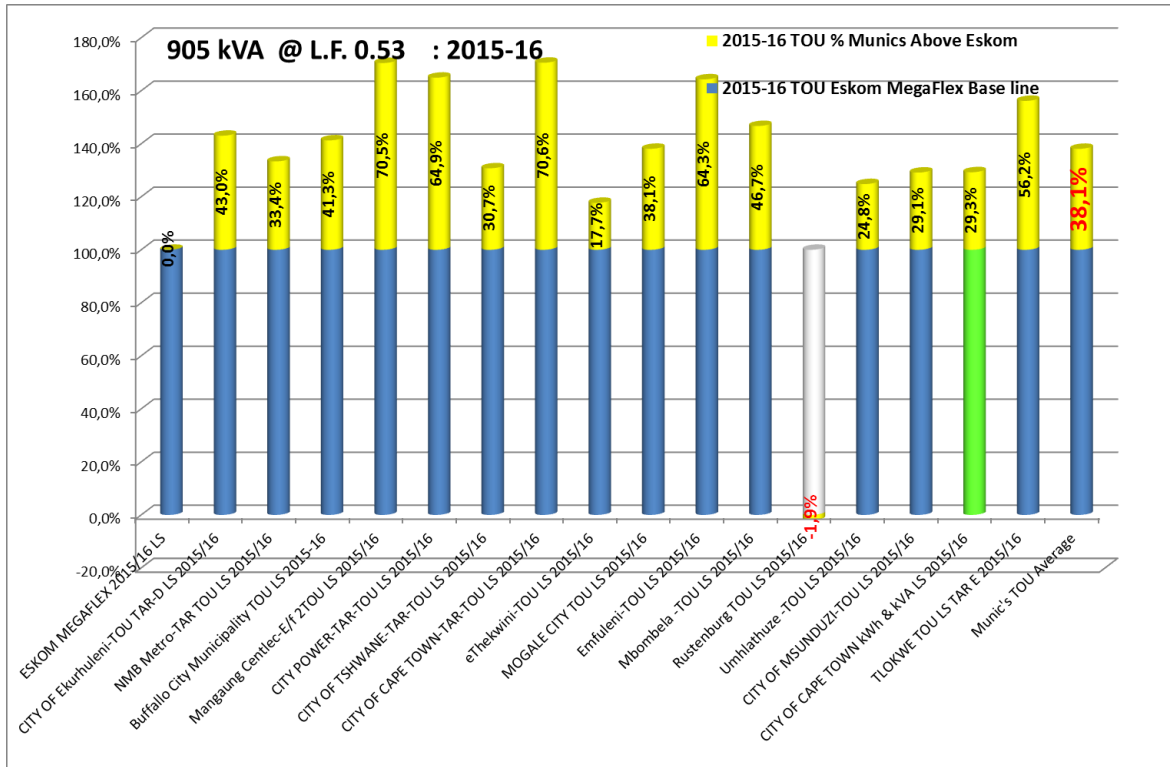
The energy charges (c/kWh) for the residential prepaid tariff and business prepaid are higher than the respective post-paid energy rates for each of the respective blocks and therefore compensate for the fixed monthly service charge each customer category attracts. The prepaid customers however do not contribute to their respective share of the fixed distribution network operating cost.

A plan as briefly outlined under 6.1 above will be prioritized in order that capacity charges are introduced into this category by FY19/20.

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4.6 TARIFF COMPARISON FOR LARGE POWER USERS

The following graph indicates a view on large power user tariffs at 17 large municipalities:



The tariffs relate to customers that have demand capacities of just over 1 MVA and experience load factors of about 0,58. The yellow bars indicate the magnitude by which the specific tariffs exceed the current Eskom Megaflex charge (in blue). It is evident from this comparison that the LPU tariffs of City Power is the third highest of the group. The official guideline provided by NERSA is to have these tariffs at 120% of Megaflex. City Power's tariff in this instance is indicated as substantially higher at 164.9%.

4.7 EMBEDDED GENERATION TARIFFS

NERSA for the 2016/17 financial year approved Residential Embedded Generator Tariff of 42.79c/kWh and Business and Large Power User Embedded Generator (<=1MW) Tariff of 36.14c/kWh. Until NERSA produces specific national guidelines regarding the tariffs to be set for embedded generators, the following will apply at City Power: It is also proposed that these tariffs be increased by 7.37% as well.

4.8.2 EMBEDDED GENERATOR MINIMUM CONDITIONS

- In terms of the provision of the Electricity Regulation Act, (Act 4 of 2006) (ERA) generation of electricity is a licensed activity, unless exempted by the Minister of Energy. The approved tariffs are therefore subjected to the provisions of the ERA, and are otherwise interim/pilot.
- This tariff will only apply to customers that are net consumers at City Power and who have invested in embedded generation capacity, are grid-tied (and comply with all the regulations regarding grid connection).
- That the embedded generator is required to register with City Power and the equipment used must comply with the technical standards required by City Power.
- All Large Power Users and Business customers who would be willing to invest in embedded generation with the purpose of supplementing their electricity supply from City Power will have

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to be on a conventional tariff structure. If they are currently on a prepaid structure, they will be required to migrate to a conventional tariff structure.

- All residential customers who would be willing to invest in embedded generation with the purpose of supplementing their electricity supply from City Power, will have to be on a time-of-use conventional tariff structure. If they are currently on a prepaid structure, they will be required to migrate to the time-of-use conventional tariff structure.
- Embedded generators that are at any time capable of feeding energy back into the grid will require meters with bidirectional metering capability.
- All parties that would invest in generating electricity capacity and who would elect to only feed into the grid (and never draw from the grid) will be treated as an additional supplier under a negotiated power purchase agreement.
- Embedded generation tariff is only applicable to maximum generation capacity of 1MW.

4.8 Network Levy

All electricity consumed used to attract a Demand Side Management Levy of 2 c/kWh. This levy will now be replaced by a Network Levy at 6 c/kWh. Only residential consumption of below 500kWh will be exempted from this charge, meaning that residential consumption beyond 500kWh per month will be subject to this levy.

5. POLICY IMPLICATIONS

City Power tariffs principles are in line with the City of Johannesburg's policies of addressing social, economic and financial imperatives.

6. LEGAL AND CONSTITUTIONAL IMPLICATIONS

By virtue of Section 28 (6) of the Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003) (MFMA), once the new tariffs have been determined in respect of the 2018/2019 Financial Year, it may not be further increased during that financial year, except when required in terms of a financial recovery plan as contemplated in the Act.

It should be noted that any increases approved by Council, are subject to final approval by the National Energy Regulator of South Africa (NERSA).

7. FINANCIAL IMPLICATIONS

City Power is on the drive to increase efficiencies in the business and run a tight budget leading to revenue improvement.

8. KEY PERFORMANCE INDICATOR

The provision of sustainable financial operations in terms of the score card

9. COMMUNICATION IMPLICATIONS

Rationalized tariffs throughout the City Power area of supply will render customers tariffs geared towards cost reflectivity, as required by the NERSA.

The relevant information regarding the tariffs will be communicated to all role players.

10. OTHER BODIES /DEPARTMENTS CONSULTED

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The bodies that have to be consulted as part of compiling this proposal to the Mayoral Committee are:

1. City Power Executive committee
2. City Power Board

11. IT IS RECOMMENDED

11.1 That, in terms of Sections 11(3)(i) and 75A (1) of the Local Government: Municipal Systems Act 2000, (Act 32 of 2000) as amended, read with Section 16(2) of the Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003), the City of Johannesburg declares its intention to amend with effect from 1 July 2018 its Tariff of Charges:-

For Electricity Services as set out in Annexure "E"

11.2. That, in terms of Sections 17(3)(a)(ii) and 22(a)(i) and (ii) of the Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003) and Sections 21, 21A(1) and 2 of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000) as amended, the City of Johannesburg:

- a. displays the notice and the documents and notice in the manner prescribed;
- b. seeks to convey to the local community by means of radio broadcasts covering the area of the City, the information contemplated in Section 21A(c) of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000) as amended; and
- c. publishes a notice in the manner prescribed and invites the local community to submit written comments or representations in respect of the City's declared intention to amend or determine Tariffs of Charges.

11.3. That in terms of Section 22(b)(i) and (ii) of the Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003) a copy of the notice and documents be sent forthwith to the National and Provincial Treasury; MEC for local government; as well any other organ of state or municipality affected by the budget to solicit their views

11.4. That the Executive Director: Finance in conjunction with Director: Legal and Compliance, in consultation with the Council's relevant Departments and all interested parties, report on the comments received in terms of paragraph 10.2 above with recommendations on the final of the Tariffs of Charges for approval;

11.5. That the report be submitted to a relevant Section 79 Committee for comment.

Author: LONWABO MAGIDA
GM
City Power Johannesburg (SOC) Ltd.
Tel: 011 490 7000

NONHLANHLA NSELE
ACTING DIRECTOR METERING

CITY POWER

CITY POWER JOHANNESBURG (SOC) LTD

DAVID MATSHEKETSHEKE
ACTING DIRECTOR FINANCE
CITY POWER JOHANNESBURG (SOC) LTD

PERRY SMITH
CORPORATE LEGAL

LERATO SETSHEDI
CHIEF EXECUTIVE OFFICER
CITY POWER JOHANNESBURG (SOC) LTD

LUNELLE SEROBATSE
ACTING EXECUTIVE DIRECTOR: ENVIRONMENT &
INFRASTRUCTURE SERVICES DEPARTMENT

COUNCILLOR NICO DE JAGER
MEMBER OF THE MAYORAL COMMITTEE:
ENVIRONMENT AND INFRASTRUCTURE SERVICES
DEPARTMENT

CITY POWER**ANNEXURE A**

Title of the Report: City Power Tariff Increase Proposal

What are the major benefits to the Communities of Johannesburg?

- Improved Service delivery

Which Communities will primarily benefit (if relevant state the region, ward, suburb, or socio economic group etc.)?

- All wards and Regions

If relevant, when will implementation take start?

- On going

If relevant, when will work be completed?

- On going

What is the total cost of implementation?

- R3 million has been budgeted

How will communities be informed of the contents of this report?

- Media
- Public consultation

How can communities be involved in the implementation of this report?

- N/A

Who can be contacted to provide additional information and/or clarity?

- City Power – Lonwabo Magida

What other information can be given to assist Councillors to communicate the contents of this report to communities?

- Tariff booklets as well as Leaflets on Customer Education

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Annexure B:

The year-on-year tariff increases are listed for the three financial periods

Segment	Overall Tariff Escalation Rates			
	FY18	FY19	FY20	FY21
Large Power User (MV-TOU)	2.28%	7,55%	9,02%	7,31%
Large Power User (LV-TOU)	2.28%	7,54%	9,02%	7,31%
LPM-MV	2.28%	7,37%	9,02%	7,31%
LPU-LV	2.28%	7,37%	9,02%	7,31%
Business Conventional	2.28%	7,13%	9,02%	7,31%
Business Prepaid	2.28%	7,37%	9,02%	7,31%
Agricultural	2.28%	7,37%	9,02%	7,31%
Residential Conventional	2.28%	7,37%	9,02%	7,31%
Residential Prepaid	2.28%	7,37%	9,02%	7,31%
Reseller Residential Conventional	2.28%	7,37%	9,02%	7,31%
Reseller Business Conventional	2.28%	7,37%	9,02%	7,31%
Totals	2.28%	7,37%	9,02%	7,31%

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Annexure C:
The summary of tariffs proposed for 2018/19

SEGMENT	Supply Position	Units	Block	Service Charge R/month	Capacity Charge R/month	Maximum Demand		Energy Charge													
						Summer R/kVA	Winter R/kVA	Summer c/kWh	Winter c/kWh												
Large Customer - TOU	HV	kVA	Peak	1 370,96	17 736,52	163,02	163,02	135,14	321,58												
		kWh	Standard					104,06	125,57												
		kWh	Off-peak					79,99	86,04												
Large Customer - TOU	MV	kVA	Peak	1 359,48	3 781,00	175,29	175,29	135,14	321,58												
		kWh	Standard					104,06	125,57												
		kWh	Off-peak					79,99	86,04												
Large Customer - TOU	LV	kVA	Peak	988,71	883,95	187,56	187,56	135,14	321,58												
		kWh	Standard					104,06	125,57												
		kWh	Off-peak					79,99	86,04												
Large Customer	MV	kVA		741,53	4 004,35	175,29	175,29	117,18	138,69												
Large Customer	LV	kVA		617,95	943,67	187,54	187,54	125,53	147,03												
Large Customer Reactive Energy	c/kVArh							19,63													
Business	400 V	kVA	< 50	370,77	355,49																
		kWh	0 - 500					180,53	188,99												
		kWh	501 - 1000					198,15	205,75												
		kWh	1001 - 2000					207,79	214,93												
		kWh	2001 - 3000					215,37	222,15												
		kWh	> 3000					222,36	228,80												
		kVA	< 100					370,77	507,99												
		kWh	0 - 500									180,53	188,99								
		kWh	501 - 1000									198,15	205,75								
		kWh	1001 - 2000									207,79	214,93								
		kWh	2001 - 3000									215,37	222,15								
		kWh	> 3000									222,36	228,80								
		kVA	< 500									370,77	807,08								
		kWh	0 - 500													180,53	188,99				
		kWh	501 - 1000													198,15	205,75				
		kWh	1001 - 2000													207,79	214,93				
		kWh	2001 - 3000													215,37	222,15				
		kWh	> 3000													222,36	228,80				
		kVA	> 500													370,77	1 368,58				
		kWh	0 - 500																	180,53	188,99
		kWh	501 - 1000																	198,15	205,75
		kWh	1001 - 2000																	207,79	214,93
		kWh	2001 - 3000																	215,37	222,15
		kWh	> 3000																	222,36	228,80

CITY POWER

Annexure C (Continued)

SEGMENT	Supply Position	Units	Block	Service Charge R/month	Capacity Charge R/month	Maximum Demand		Energy Charge	
						Summer R/kVA	Winter R/kVA	Summer c/kWh	Winter c/kWh
Business Prepaid	400 V	kVA		-					
		kWh	0 - 500					185,80	185,80
		kWh	501 - 1000					203,46	203,46
		kWh	1001 - 2000					213,12	213,12
		kWh	2001 - 3000					220,72	220,72
		kWh	> 3000					227,73	227,73
		kVA	> 50	0,00	0,00				
		kWh	0 - 500					185,80	185,80
		kWh	501 - 1000					203,46	203,46
		kWh	1001 - 2000					213,12	213,12
		kWh	2001 - 3000					220,72	220,72
		kWh	> 3000					227,73	227,73
Reseller Business (Conventional)	400 V	kVA	< 50	370,77	355,49				
		kWh	0 - 500					164,20	172,94
		kWh	501 - 1000					180,71	188,59
		kWh	1001 - 2000					189,74	197,16
		kWh	2001 - 3000					196,84	203,89
		kWh	> 3000					203,39	210,10
Agricultural	400 V	kVA	< 50	370,77	498,72			138,81	160,65
Domestic TOU 3 Ø	230 V	A	60						
		A	80	123,01	496,39				
		kWh	Peak					144,04	331,38
		kWh	Standard					113,94	135,75
kWh	Off-peak					89,64	95,79		
Domestic TOU 1 Ø	230 V	A	60						
		A	80	123,01	398,47				
		kWh	Peak					144,04	331,38
		kWh	Standard					113,94	135,75
kWh	Off-peak					89,64	95,79		
Domestic 3 Ø Seasonal	230 V	A	60	123,01	451,43				
		A	80	123,01	496,39				
		kWh	0 - 500					112,99	134,80
		kWh	501 - 1000					130,52	152,33
		kWh	1001 - 2000					140,58	162,39
		kWh	2001 - 3000					148,64	167,16
kWh	> 3000					156,22	178,03		
Domestic 1 Ø Seasonal	230 V	A	60	123,01	362,38				
		A	80	123,01	398,47				
		kWh	0 - 500					112,99	134,80
		kWh	501 - 1000					130,52	152,33
		kWh	1001 - 2000					140,58	162,39
		kWh	2001 - 3000					148,64	167,16
kWh	> 3000					156,22	178,03		

CITY POWER

Annexure C (Continued)

SEGMENT	Supply Position	Units	Block	Service Charge R/month	Capacity Charge R/month	Maximum Demand		Energy Charge		
						Summer R/kVA	Winter R/kVA	Summer c/kWh	Winter c/kWh	
Domestic 3 Ø	230 V	A	80	123,01	496,39					
		kWh	0 - 500						118,80	118,80
		kWh	501 - 1000						136,33	136,33
		kWh	1001 - 2000						146,39	146,39
		kWh	2001 - 3000						154,45	154,45
		kWh	> 3000						162,03	162,03
Domestic 1 Ø	230 V	A	60	123,01	362,38					
		A	80							
		kWh	0 - 500						118,80	118,80
		kWh	501 - 1000						136,33	136,33
		kWh	1001 - 2000						146,39	146,39
		kWh	2001 - 3000						154,45	154,45
Domestic 1 Ø	230 V	A	80	123,01	398,47					
		kWh	0 - 500						118,80	118,80
		kWh	501 - 1000						136,33	136,33
		kWh	1001 - 2000						146,39	146,39
		kWh	2001 - 3000						154,45	154,45
		kWh	> 3000						162,03	162,03
Domestic Prepaid	230 V	kWh	0 - 500	-						
		kWh	501 - 1000						124,71	124,71
		kWh	1001 - 2000						141,69	141,69
		kWh	2001 - 3000						152,13	152,13
		kWh	> 3000						171,87	171,87
Reseller Domestic (Conventional)	230 V	A	80	123,59	498,72					
		kWh	0 - 500						186,25	186,25
		kWh	501 - 1000						106,63	106,63
		kWh	1001 - 2000						123,10	123,10
		kWh	2001 - 3000						132,54	132,54
Reseller Domestic (Prepaid)	230 V	kWh	0 - 500							
		kWh	501 - 1000						140,11	140,11
		kWh	1001 - 2000						147,23	147,23
		kWh	2001 - 3000						111,11	111,11
		kWh	> 3000						126,89	126,89
Life Line Conventional Life Line Energy	230V 230 V	kWh	0 - 500							
		kWh	501 - 1000						136,62	136,62
		kWh	1001 - 2000						154,97	154,97
		kWh	2001 - 3000						168,35	168,35
		kWh	> 3000							
Robot Intersections										
Streetlights & Billboard per Luminaire								231,58	231,58	
								259,61	259,61	

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Annexure D

Proposed percentage increases for 2018/19 to respective tariffs are as follows:

SEGMENT	Supply Position	Units	Block	Service Charge R/month	Capacity Charge R/month	NW Access Charge R/kVa	Maximum Demand		Energy Charge							
							Summer R/kVA	Winter R/kVA	Summer c/kWh	Winter c/kWh						
Large Customer - TOU	HV	kVA	Peak	7,37%	7,37%		7,37%	7,37%	8,37%	8,37%						
		kWh	Standard						7,37%	7,37%						
		kWh	Off-peak						7,37%	7,37%						
Large Customer - TOU	MV	kVA	Peak	7,37%	7,37%		7,37%	7,37%	8,37%	8,37%						
		kWh	Standard						7,37%	7,37%						
		kWh	Off-peak						7,37%	7,37%						
Large Customer - TOU	LV	kVA	Peak	7,37%	7,37%		7,37%	7,37%	8,37%	8,37%						
		kWh	Standard						7,37%	7,37%						
		kWh	Off-peak						7,37%	7,37%						
Large Customer	MV	kVA		7,37%	7,37%		7,37%	7,37%	7,37%	7,37%						
Large Customer	LV	kVA		7,37%	7,37%		7,37%	7,37%	7,37%	7,37%						
Large Customer Reactive Energy	c/kVArh								7,37%							
Business	400 V	kVA	< 50	7,37%	7,37%											
		kWh	0 - 500						7,12%	7,12%						
		kWh	501 - 1000						7,12%	7,12%						
		kWh	1001 - 2000						7,12%	7,12%						
		kWh	2001 - 3000						7,12%	7,12%						
		kWh	> 3000						7,12%	7,12%						
		kVA	< 100						7,37%	7,37%						
		kWh	0 - 500								7,12%	7,12%				
		kWh	501 - 1000								7,12%	7,12%				
		kWh	1001 - 2000								7,12%	7,12%				
		kWh	2001 - 3000								7,12%	7,12%				
		kWh	> 3000								7,12%	7,12%				
		kVA	< 500								7,37%	7,37%				
		kWh	0 - 500										7,12%	7,12%		
		kWh	501 - 1000										7,12%	7,12%		
		kWh	1001 - 2000										7,12%	7,12%		
		kWh	2001 - 3000										7,12%	7,12%		
		kWh	> 3000										7,12%	7,12%		
		kVA	> 500										7,37%	7,37%		
		kWh	0 - 500												7,12%	7,12%
		kWh	501 - 1000												7,12%	7,12%
		kWh	1001 - 2000												7,12%	7,12%
		kWh	2001 - 3000												7,12%	7,12%
		kWh	> 3000												7,12%	7,12%

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Annexure D (Continued)

Proposed percentage increases for 2018/19 to respective tariffs are as follows:

SEGMENT	Supply Position	Units	Block	Service Charge R/month	Capacity Charge R/month	NW Access Charge R/kVa	Maximum Demand		Energy Charge	
							Summer R/kVA	Winter R/kVA	Summer c/kWh	Winter c/kWh
Business Prepaid	400 V	kVA	0 - 500						7,37%	7,37%
		kWh	501 - 1000						7,37%	7,37%
		kWh	1001 - 2000						7,37%	7,37%
		kWh	2001 - 3000						7,37%	7,37%
		kWh	> 3000						7,37%	7,37%
Reseller Business (Conventional)	400 V	kVA	< 50	7,37%	7,37%					
		kWh	0 - 500						7,37%	7,37%
		kWh	501 - 1000						7,37%	7,37%
		kWh	1001 - 2000						7,37%	7,37%
		kWh	2001 - 3000						7,37%	7,37%
Agricultural	400 V	kVA	< 50	7,37%	7,37%				7,37%	7,37%
		kVA	> 50						7,37%	7,37%
		kWh	0 - 500						7,37%	7,37%
		kWh	501 - 1000						7,37%	7,37%
		kWh	1001 - 2000						7,37%	7,37%
Domestic TOU 3 Ø	230 V	A	60							
		A	80	7,37%	7,37%					
		kWh	Peak						7,37%	7,37%
		kWh	Standard						7,37%	7,37%
Domestic TOU 1 Ø	230 V	A	60							
		A	80	7,37%	7,37%					
		kWh	Peak						7,37%	7,37%
		kWh	Standard						7,37%	7,37%
Domestic 3 Ø Seasonal	230 V	A	60	7,37%	7,37%					
		A	80	7,37%	7,37%					
		kWh	0 - 500						7,37%	7,37%
		kWh	501 - 1000						7,37%	7,37%
		kWh	1001 - 2000						7,37%	7,37%
Domestic 1 Ø Seasonal	230 V	kWh	2001 - 3000						7,37%	7,37%
		kWh	> 3000						7,37%	7,37%
		A	60	7,37%	7,37%					
		A	80	7,37%	7,37%					
		kWh	0 - 500						7,37%	7,37%
		kWh	501 - 1000						7,37%	7,37%
		kWh	1001 - 2000						7,37%	7,37%
		kWh	2001 - 3000						7,37%	7,37%
		kWh	> 3000						7,37%	7,37%
		kWh	> 3000						7,37%	7,37%

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Annexure D (Continued)

Proposed percentage increases for 2018/19 to respective tariffs are as follows:

	Position			Charge R/month	Charge R/month	Charge R/kVa	Summer R/kVA	Winter R/kVA	Summer c/kWh	Winter c/kWh
Domestic 3 Ø	230 V	A	60	7,37%	7,37%					
		A		0,00	0,00					
		kWh	0 - 500						7,37%	7,37%
		kWh	501 - 1000						7,37%	7,37%
		kWh	1001 - 2000						7,37%	7,37%
		kWh	2001 - 3000						7,37%	7,37%
Domestic 3 Ø	230 V	A	80	7,37%	7,37%					
		kWh	0 - 500						7,37%	7,37%
		kWh	501 - 1000						7,37%	7,37%
		kWh	1001 - 2000						7,37%	7,37%
		kWh	2001 - 3000						7,37%	7,37%
		kWh	> 3000						7,37%	7,37%
Domestic 1 Ø	230 V	A	60	7,37%	7,37%					
		A	80	0,00	0,00					
		kWh	0 - 500						7,37%	7,37%
		kWh	501 - 1000						7,37%	7,37%
		kWh	1001 - 2000						7,37%	7,37%
		kWh	2001 - 3000						7,37%	7,37%
Domestic 1 Ø	230 V	A	80	7,37%	7,37%					
		kWh	0 - 500						7,37%	7,37%
		kWh	501 - 1000						7,37%	7,37%
		kWh	1001 - 2000						7,37%	7,37%
		kWh	2001 - 3000						7,37%	7,37%
		kWh	> 3000						7,37%	7,37%
Domestic Prepaid	230 V	kWh	0 - 500						7,37%	7,37%
		kWh	501 - 1000						7,37%	7,37%
		kWh	1001 - 2000						7,37%	7,37%
		kWh	2001 - 3000						7,37%	7,37%
		kWh	> 3000						7,37%	7,37%
Reseller Domestic (Conventional)	230 V	A	80	7,37%	7,37%					
		kWh	0 - 500						7,37%	7,37%
		kWh	501 - 1000						7,37%	7,37%
		kWh	1001 - 2000						7,37%	7,37%
		kWh	2001 - 3000						7,37%	7,37%
		kWh	> 3000						7,37%	7,37%
Robot Intersections								7,37%	7,37%	
Streetlights & Billboard per Luminaire								7,37%	7,37%	

CITY POWER**Annexure E****SCHEDULE OF TARIFFS FOR 2018/19****AMENDMENT OF TARIFF OF CHARGES FOR ELECTRICITY SERVICES**

In terms of Sections 17(3)(a)(ii) and 22(a)(i) and (ii) of the Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003) and Sections 21(1) and (3), 21A and 75A(3) and (4) of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000) as amended, it is hereby notified that the City of Johannesburg has, in terms of Sections 11(3)(i) and 75A(1) and (2) of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000) as amended, read with Section 24(2)(c)(ii) of the Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003), amended its Tariff of Charges for Electricity Services with effect from 1 July 2018.

STANDARD TARIFF SCHEDULE

- 1 All electricity consumed will attract a Network Levy of 6 c/kWh. Only residential consumption of below 500kWh will be exempted from this charge, meaning that residential consumption beyond 500kWh per month will be subject to this levy.

1. RESIDENTIAL TARIFF

1.1 This tariff shall be applicable for electricity supply to:

1.1.1 Private houses;

1.1.2 Dwelling-units which are registered under the Sectional Titles Act, 1972 (Act 66 of 1971);

1.1.3 Flats;

1.1.4 Boarding houses and hostels;

1.1.5 Residences or homes run by charitable institutions;

1.1.6 Premises used for public worship, including halls or other buildings used for religious purposes;

1.1.7 Caravan parks.

1.2 Four tariff structures are available, i.e. (i) a prepaid tariff, (ii) a Three-Part Flat tariff, (iii) a Three-Part Seasonal tariff, and (iv) a Time-of-Use tariff. Customers that would prefer the Time-of-Use tariff structure are required to have meters installed with automated meter reading capability.

1.3 Resellers servicing the residential market will qualify for either a conventional or a prepaid tariff, depending on their supply structure to the ultimate consumers.

1.4 The following charges will be payable per month, or part thereof:

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Item	Units	Breaker size	Demand	Consumption block	Fixed charge	Demand charge	Energy charge
		A	kVA	kWh/month	R/month	R/kVA	c/kWh
Prepaid tariffs							
Capacity Charge							
Prepaid 1				0 to 500			124,71
Prepaid 2				501 to 1000			141,69
Prepaid 3				1001 to 2000			152,13
Prepaid 4				2001 to 3000			171,87
Prepaid 5				Above 3000			186,25
Two-part Single and Three Phase Tariffs							
Single phase							
Service charge		60			123,01		
Service charge		80			123,01		
Network charge		60			362,38		
Network charge		80			398,47		
Energy charge				0 to 500			118,80
Energy charge				501 to 1000			136,33
Energy charge				1001 to 2000			146,39
Energy charge				2001 to 3000			154,45
Energy charge				Above 3000			162,03
Three phase							
Service charge		80			123,01		
Network charge		80			496,39		
Energy charge				0 to 500			118,80
Energy charge				501 to 1000			136,33
Energy charge				1001 to 2000			146,39
Energy charge				2001 to 3000			154,45
Energy charge				Above 3000			162,03

Item	Units	Breaker size	Demand	Consumption block	Fixed charge	Demand charge	Energy charge
		A	kVA	kWh/month	R/month	R/kVA	c/kWh
Residential Conventional resellers' tariffs							
Service charge					123,59		
Network charge					498,72		
Energy charge				0 to 500			106,63
Energy charge				501 to 1000			123,10
Energy charge				1001 to 2000			132,54
Energy charge				2001 to 3000			140,11
Energy charge				Above 3000			147,23

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Item	Units	Breaker size	Demand	Consumption block	Fixed charge	Demand charge	Energy charge
		A	kVA	kWh/month	R/month	R/kVA	c/kWh
Two-part Time of Use Tariffs		80					
Single phase							
Service charge					123,01		
Network charge					398,47		
Energy charge (Summer: PEAK)							144,04
Energy charge (Summer: STANDARD)							113,94
Energy charge (Summer: OFF-PEAK)							89,64
Energy charge (Winter: PEAK)							331,38
Energy charge (Winter: STANDARD)							135,75
Energy charge (Winter: OFF-PEAK)							95,79
Three phase							
Service charge					123,01		
Network charge					496,39		
Energy charge (Summer: PEAK)							144,04
Energy charge (Summer: STANDARD)							113,94
Energy charge (Summer: OFF-PEAK)							89,64
Energy charge (Winter: PEAK)							331,38
Energy charge (Winter: STANDARD)							135,75
Energy charge (Winter: OFF-PEAK)							95,79

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Item	Units	Breaker size	Demand	Consumption block	Fixed charge	Demand charge	Energy charge
		A	kVA	kWh/month	R/month	R/kVA	c/kWh
Two-part Seasonal		80					
Single phase							
Service charge					123,01		
Network charge					398,47		
Summer Energy charge				0 to 500			112,99
Summer Energy charge				501 to 1000			130,52
Summer Energy charge				1001 to 2000			140,58
Summer Energy charge				2001 to 3000			148,64
Summer Energy charge				Above 3000			156,22
Winter Energy charge				0 to 500			134,80
Winter Energy charge				501 to 1000			152,33
Winter Energy charge				1001 to 2000			162,39
Winter Energy charge				2001 to 3000			167,16
Winter Energy charge				Above 3000			178,03
Three phase							
Service charge					123,01		
Network charge					496,39		
Summer Energy charge				0 to 500			112,99
Summer Energy charge				501 to 1000			130,52
Summer Energy charge				1001 to 2000			140,58
Summer Energy charge				2001 to 3000			148,64
Summer Energy charge				Above 3000			156,22
Winter Energy charge				0 to 500			134,80
Winter Energy charge				501 to 1000			152,33
Winter Energy charge				1001 to 2000			162,39
Winter Energy charge				2001 to 3000			167,16
Winter Energy charge				Above 3000			178,03

1.5 Rules applicable to this category:

- 1.5.1 A consumer whose capacity exceeds 100 kVA, may on application, be charged in accordance with item 4 (Large Consumers).
- 1.5.2 Customers who had been classified as Residential consumers before 1 July 1999 may retain this classification until such time as their supply is modified or upgraded, or their primary use of electrical energy changes.
- 1.5.3 All Residential customers who are registered for the Expanded Social Package will qualify for the conventional lifeline tariff. If these customers should consume more than 500kWh per month, prepaid rates will apply.
- 1.5.4 Changes from Three-Part Flat tariffs to Lifeline tariff, and vice versa, is allowed but shall only be implemented after the required change over fee has been received, and shall only be phased in with the commencement of the next billing cycle.

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- 1.5.5 If a customer elects to change from the Three-Part Flat or Lifeline tariff to the Three-Part Seasonal tariff he/she will be obliged to remain on the Three-Part Seasonal tariff for a minimum period of 12 months before he/she may qualify to migrate to another tariff option.
- 1.5.6 The cost to migrate between tariff options will be determined as reflected in section 6 of this document.
- 1.5.7 Everyone will be expected to take part in any of City of Johannesburg energy saving initiatives.
- 1.5.8 All individuals/customers who qualify for the Extended Social Package (ESP) will receive free electricity as approved by Social Development Department.
- 1.5.9 Customers on the Extended Social Package who are disconnected may not accumulate the allocation of free electricity during the period of disconnection.
- 1.5.10 A maximum of 150 kWh per month may be allocated as free electricity under the Extended Social Package, and will be limited to actual consumption if less than 150 kWh per month is consumed.
- 1.5.11 Billed customers on the ESP will receive the grant as a credit on their bills, the value of which will equal the monetary value to their allocated free bundle.
- 1.5.12 Prepaid Residential customers may collect their free electricity allocations from any of the City Power vending stations.
- 1.5.13 Free allocations that are not claimed in any particular month will be forfeited and may not be carried over to subsequent months.
- 1.5.14 Body Corporates of complexes, flats, cluster developments and all other resellers are required to register with City Power to qualify for the resellers' tariffs. These parties are also required to provide City Power with an affidavit declaring the number of units in use in the complex, normal consumption tariffs will apply, as per unit in the complex, rather than the tariff that would be deemed appropriate for the complex as an aggregate. The changes will be implemented from the date of application.
- 1.5.15 Free allocations are not redeemable for cash.
- 1.5.16 The summer rates for the Three-Part Seasonal Tariffs will be applicable from September to May - both months inclusive. This amounts to a 9 month period per annum.
- 1.5.17 The winter rates for the Three-Part Seasonal Tariffs will be applicable from June to August - both months inclusive. This amounts to a 3 month period per annum.
- 1.5.18 Prepaid meters will be reset at the beginning of each month for all pre-paying customers. No block categorisation will be done. All customers will buy the initial 500 kWh in the month at the first block tariff and then advance through the blocks to their ultimate consumption for the month.

2. AGRICULTURAL TARIFF

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2.1 This tariff shall apply to property, or portions of land zoned for agricultural purposes, with a maximum demand of 40kVA.

2.2 Any connection for Business purposes on a property, or portions of land zoned for agricultural purposes, will be charged as per section 3 or 4.

2.3 The following charges will be payable per month, or part thereof:

Item	Units	A	kVA	kWh/month	R/month	R/kVA	c/kWh
Agricultural tariffs							
Service charge					370,77		
Network charge					498,72		
Energy charge (Summer: September - May)							138,81
Energy charge (Winter: June - August)							160,65

2.4 Rules applicable to this category:

2.4.1 The agricultural tariff may also be applicable in cases where an erf, stand, lot or any other area, or any subdivision thereof, whether owned by a township developer or not, with or without improvements can, in the opinion of City Power, be connected to the City Power's mains, regardless whether electricity is consumed or not.

2.4.2 The summer rate will be applicable from September to May - both months inclusive. This amounts to a 9 month period per annum.

2.4.3 The winter rate will be applicable from June to August - both months inclusive. This amounts to a 3 month period per annum.

3. BUSINESS TARIFF

3.1 This tariff shall primarily be applicable to supply consumption capacities not exceeding 100 kVA for purposes other than the purposes specified in item 1 and includes, in particular, a supply for:

3.1.1 Business purposes;

3.1.2 Industrial purposes;

3.1.3 Nursing homes, clinics and hospitals;

3.1.4 Hotels;

3.1.5 Recreation halls and clubs;

3.1.6 Bed & breakfast houses;

3.1.7 Educational institutions including schools and registered crèches;

3.1.8 Sporting facilities;

3.1.9 Mixed load of non-Residential and Residential;

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3.1.10 Welfare organisations of a commercial nature;

3.1.11 Traffic intersections;

3.1.12 Streetlights and billboards;

3.1.11 Temporary connections;

3.1.12 Consumers not provided for under any other item of this tariff.

3.2 Although business tariffs apply for consumption capacities not exceeding 100 kVA, exceptions can be made to accommodate consumers with greater than 500 kVA capacity, provided that they cannot be classified as Large Consumers as per section 4.

3.3 Any customer in this tariff category that do not have a special concession as per item 3.2, and who exceed the maximum consumption of 100 kVA, will automatically be converted to the category of Large Consumers as per section 4.

3.4 Resellers servicing the residential market will qualify for either a conventional or a prepaid tariff, depending on their supply structure to the ultimate consumers.

3.5 The charges payable for the consumption of electricity energy shall be as follows:

Item	Units	A	kVA	kWh/month	R/month	R/kVA	c/kWh
Conventional Business tariffs							
Service charge			< 50		370,77		
Service charge			< 100		370,77		
Service charge			< 500		370,77		
Service charge			> 500		370,77		
Network charge			< 50		355,49		
Network charge			< 100		507,99		
Network charge			< 500		807,08		
Network charge			> 500		1 368,58		
Energy charge (Summer: September - May)				0 to 500			180,53
Energy charge (Summer: September - May)				501 to 1000			198,15
Energy charge (Summer: September - May)				1001 to 2000			207,79
Energy charge (Summer: September - May)				2001 to 3000			215,37
Energy charge (Summer: September - May)				Above 3000			222,36
Energy charge (Winter: June - August)				0 to 500			188,99
Energy charge (Winter: June - August)				501 to 1000			205,75
Energy charge (Winter: June - August)				1001 to 2000			214,93
Energy charge (Winter: June - August)				2001 to 3000			222,15
Energy charge (Winter: June - August)				Above 3000			228,80
Prepaid Business tariffs							
Capacity charge					0,00		
Prepaid energy				0 to 500			185,80
Prepaid energy				501 to 1000			203,46
Prepaid energy				1001 to 2000			213,12
Prepaid energy				2001 to 3000			220,72
Prepaid energy				Above 3000			227,73

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Item	Units	Breaker	Demand	Consumption	Fixed	Demand	Energy
		A	kVA	kWh/month	R/month	R/kVA	c/kWh
Conventional Resellers' Tariffs		150					
Service charge					370,77		
Network charge					355,49		
Energy charge (Summer: September - May)				0 to 500			164,20
Energy charge (Summer: September - May)				501 to 1000			180,71
Energy charge (Summer: September - May)				1001 to 2000			189,74
Energy charge (Summer: September - May)				2001 to 3000			196,84
Energy charge (Summer: September - May)				Above 3000			203,39
Energy charge (Winter: June - August)				0 to 500			172,94
Energy charge (Winter: June - August)				501 to 1000			188,59
Energy charge (Winter: June - August)				1001 to 2000			197,16
Energy charge (Winter: June - August)				2001 to 3000			203,89
Energy charge (Winter: June - August)				Above 3000			210,10
Traffic intersections							231,58
Streetlights and billboards per luminaire							259,61

Rules applicable to this category:

- 3.6.1 Due to capacity constraints everyone will be expected to take part in any of City of Johannesburg energy saving initiatives.
- 3.6.2 The summer rate will be applicable from September to May - both months inclusive. This amounts to a 9 month period per annum.
- 3.6.3 The winter rate will be applicable from June to August - both months inclusive. This amounts to a 3 month period per annum.
- 3.6.4 If a customer in this category would request for a transfer to another tariff option, the customer should remain in that new tariff structure for a minimum period of 12 months before he/she will qualify to migrate to another tariff.
- 3.6.5 The cost of migration between tariffs will be determined as per section 6.
- 3.6.6 Property owners and all other resellers are required to register with City Power to qualify for the resellers' tariffs. These parties are also required to provide City Power with an affidavit declaring the number of units in use in the complex, normal consumption tariffs will apply, as per unit in the complex, rather than the tariff that would be deemed appropriate for the complex as an aggregate. The changes will be implemented from the date of application.

CITY POWER**4. LARGE CONSUMERS**

4.1 This tariff shall be applicable to Business consumers as contemplated in section 3.1 with supply capacities exceeding 100 kVA and shall, on application, be available to all consumers with supply exceeding 100 kVA.

4.2 Subject to the provision of clauses (4.3) and (4,4) below, consumption of electricity shall be charged as follows:

Item	Units	Breaker size	Demand	Consumption block	Fixed charge	Demand charge	Energy charge
		A	kVA	kWh/month	R/month	R/kVA	c/kWh
Three Part Tariff: LPU - low voltage							
Service charge					617,95		
Network charge					943,67		
Demand charge (Summer: September - May)						187,54	
Demand charge (Winter: June - August)						187,54	
Energy charge (Summer: September - May)							125,53
Energy charge (Winter: June - August)							147,03
Three Part Tariff: LPU - medium voltage							
Service charge					741,53		
Network charge					4 004,35		
Demand charge (Summer: September - May)						175,29	
Demand charge (Winter: June - August)						175,29	
Energy charge (Summer: September - May)							117,18
Energy charge (Winter: June - August)							138,69
Large consumer tariffs							
Reactive energy	(c/kVARh)						19,63

Minimum Demand Charge Determination.

4.3.1 The minimum demand charge payable monthly in terms of this tariff shall be calculated using the greater of the following:

4.3.1.1 The measured demand, or;

4.3.1.2 A demand of 70 kVA, or;

4.3.1.3 A demand based on the 80% average of the three highest demands recorded over the preceding 12 months.

4.4 Rules applicable to this item:

4.4.1 Consumers whose power factor is below 0,96 will be billed for reactive energy supplied in excess of 30% (0,96PF) of total kWh recorded during the entire billing period.

4.4.3 Customers with supply agreements for a demand tariff, originally concluded before 1 July 1999, and a demand of less than 100 kVA may, until further notice, continue to be charged on this tariff.

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4.4.4 Voltage categories will be applied as follows:

4.4.4.1 Low Voltage: ≤ 1000 V

4.4.4.2 Medium Voltage: > 1000 V and $\leq 33\ 000$ V

4.4.4.3 High Voltage : $> 33\ 000$ V

4.4.5 The summer rate will be applicable from September to May - both months inclusive. This amounts to an 9 month period per annum.

4.4.6 The winter rate will be applicable from June to August - both months inclusive. This amounts to a 3 month period per annum.

5. INDUSTRIAL TIME-OF-USE (TOU) TARIFF

5.1 This tariff is available, provided customers meet the qualifying criteria for the industrial TOU tariff.

5.2 The tariff is suitable for Large Consumers as contemplated in section 4.1 who elect to reduce their demand during peak and standard periods and who can reallocate all or part of their load by load management and load shifting capability.

5.3 Consumption of electricity shall be charged as follows:

Item	Units	Breaker size	Demand	Consumption block	Fixed charge	Demand charge	Energy charge
		A	kVA	kWh/month	R/month	R/kVA	c/kWh
Three Part TOU Tariff- low voltage							
Service charge					988,71		
Network charge					883,95		
Demand charge (Summer: September - May)						187,56	
Demand charge (Winter: June - August)						187,56	
Energy charge (Summer: PEAK)							135,14
Energy charge (Summer: STANDARD)							104,06
Energy charge (Summer: OFF-PEAK)							79,99
Energy charge (Winter: PEAK)							321,58
Energy charge (Winter: STANDARD)							125,57
Energy charge (Winter: OFF-PEAK)							86,04
Three Part TOU Tariff- medium voltage							
Service charge					1 359,48		
Network charge					1 359,48		
Demand charge (Summer: September - May)						175,29	
Demand charge (Winter: June - August)						175,29	
Energy charge (Summer: PEAK)							135,14
Energy charge (Summer: STANDARD)							104,06
Energy charge (Summer: OFF-PEAK)							79,99
Energy charge (Winter: PEAK)							321,58
Energy charge (Winter: STANDARD)							125,57
Energy charge (Winter: OFF-PEAK)							86,04

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Item	Units	Breaker size	Demand	Consumption block	Fixed charge	Demand charge	Energy charge
		A	kVA	kWh/month	R/month	R/kVA	c/kWh
Three Part TOU Tariff- high voltage							
Service charge					1 370,96		
Network charge					17 736,52		
Demand charge (Summer: September - May)						163,02	
Demand charge (Winter: June - August)						163,02	
Energy charge (Summer: PEAK)							135,14
Energy charge (Summer: STANDARD)							104,06
Energy charge (Summer: OFF-PEAK)							79,99
Energy charge (Winter: PEAK)							321,58
Energy charge (Winter: STANDARD)							125,57
Energy charge (Winter: OFF-PEAK)							86,04
Large consumer tariffs							
Reactive energy	(c/kVARh)						19,63

CITY POWER**SPECIAL TARIFFS
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Item	Units	Breaker size	Demand	Consumption block	Fixed charge	Demand charge	Energy charge
		A	kVA	kWh/month	R/Day	R/kVA	c/kWh
EMM-Three Part TOU Tariff- low voltage							
Service charge					209,52		
Administrative charge					94,45		
Notified Maximum Demand Charge						25,21	
Utilised Demand Charge						31,89	
Energy charge (Summer: PEAK)							114,60
Energy charge (Summer: STANDARD)							81,54
Energy charge (Summer: OFF-PEAK)							54,88
Energy charge (Winter: PEAK)							333,58
Energy charge (Winter: STANDARD)							107,05
Energy charge (Winter: OFF-PEAK)							62,05
Reactive energy	(c/kVARh)						14,74

Item	Units	Breaker size	Demand	Consumption block	Fixed charge	Demand charge	Energy charge
		A	kVA	kWh/month	R/Day	R/kVA	c/kWh
AEL Three Part TOU Tariff- low voltage							
Service charge					196,18		
Administrative charge					88,44		
Notified Maximum Demand Charge						23,61	
Utilised Demand Charge						29,86	
Energy charge (Summer: PEAK)							107,31
Energy charge (Summer: STANDARD)							76,35
Energy charge (Summer: OFF-PEAK)							51,39
Energy charge (Winter: PEAK)							312,35
Energy charge (Winter: STANDARD)							100,24
Energy charge (Winter: OFF-PEAK)							58,10
Reactive energy	(c/kVARh)						13,80

5.4 Minimum Demand Charge Determination.

5.4.1 The minimum demand charge payable monthly in terms of this tariff shall be calculated using the greater of the following:

5.4.1.1 The measured peak period demand, or;

5.4.1.2 A demand of 70 kVA, or;

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5.4.1.3 A demand based on the 80% average of the three highest demands recorded over the preceding 12 months.

5.5 Rules applicable to this item:

5.5.1 A conversion fee equal to the actual cost of meter conversion and related cost will be applicable.

5.5.2 Consumers whose power factor is below 0,96 will be billed for reactive energy supplied in excess of 30% (0,96PF) of kWh recorded during peak and standard periods. The excess reactive energy is determined per 30-minute integrating period and accumulated for the billing period.

5.5.3 Customers with supply agreements for a demand tariff, originally concluded before 1 July 1999, and a demand of less than 100 kVA may, until further notice, continue to be charged on this tariff. To be phased out this financial year.

5.5.4 Voltage categories will be applied as follows:

5.5.4.1 Low Voltage: ≤ 1000 V

5.5.4.2 Medium Voltage: > 1000 V and $\leq 33\ 000$ V

5.5.4.3 High Voltage : $> 33\ 000$ V

5.5.5 The summer rate will be applicable from September to May - both months inclusive. This amounts to a 9 month period per annum.

5.5.6 The winter rate will be applicable from June to August - both months inclusive. This amounts to a 3 month period per annum.

5.5.7 All tariff changes will be per request and will be effected after the necessary approval has been granted.

5.5.8 The municipal surcharges for converting from other tariff options to the TOU structure will no longer be charged. TOU tariffs have been adjusted to accommodate this revocation.

5.5.9 The TOU periods are defined as follows:

5.5.9.1 Weekdays

5.5.9.1.1 PEAK : 07h00-10h00, and 18h00-20h00

5.5.9.1.2 STANDARD : 06h00-07h00, 10h00-18h00, and 20h00-22h00

5.5.9.1.3 OFF-PEAK : 22h00-06h00

5.5.9.2 Saturdays

5.5.9.2.1 PEAK : none

5.5.9.2.2 STANDARD : 07h00 - 12h00, and 18h00 - 20h00

5.5.9.2.3 OFF-PEAK : All hours not defined as STANDARD

5.5.9.3 Sundays

5.5.9.3.1 All hours are OFF-PEAK

5.5.9.4 Public holidays

5.5.9.3.1 All public holidays will be treated as "Saturdays" with the exception of Good Friday and Christmas Day, which will be treated as "Sundays".

CITY POWER**6. EMBEDDED GENERATION TARIFF**

Item	Units	Breaker size	Demand	Consumption block	Fixed charge	Demand charge	Energy charge
		A	kVA	kWh/month	R/month	R/kVA	c/kWh
Three Part TOU Tariff- low voltage							
Residential Embedded Generator							45,94
Business and LPU Embedded Generator (<=1MW)							38,80

EMBEDDED GENERATOR MINIMUM CONDITIONS

- 6.1 In terms of the provision of the Electricity Regulation Act, (Act 4 of 2006) (ERA) generation of electricity is a licensed activity, unless exempted by the Minister of Energy. The approved tariffs are therefore subjected to the provisions of the ERA, and are otherwise interim/pilot.
- 6.2 This tariff will only apply to customers that are net consumers at City Power and who have invested in embedded generation capacity, are grid-tied (and comply with all the regulations regarding grid connection).
- 6.3 That the embedded generator is required to register with City Power and the equipment used must comply with the technical standards required by City Power.
- 6.4 All Large Power Users and Business customers who would be willing to invest in embedded generation with the purpose of supplementing their electricity supply from City Power will have to be on a conventional tariff structure. If they are currently on a prepaid structure, they will be required to migrate to a conventional tariff structure.
- 6.5 All residential customers who would be willing to invest in embedded generation with the purpose of supplementing their electricity supply from City Power, will have to be on a time-of-use conventional tariff structure. If they are currently on a prepaid structure, they will be required to migrate to the time-of-use conventional tariff structure.
- 6.6 Embedded generators that are at any time capable of feeding energy back into the grid will require meters with bidirectional metering capability.
- 6.7 All parties that would invest in generating electricity capacity and who would elect to only feed into the grid (and never draw from the grid) will be treated as an additional supplier under a negotiated power purchase agreement.
- 6.8 Embedded generation tariff is only applicable to maximum generation capacity of 1MW.