



**MINISTRY OF ENERGY
REPUBLIC OF SOUTH AFRICA**

NATIONAL ASSEMBLY QUESTION 131

Mr J F Smalle (DA) to ask the Minister of Energy

1. What percentage of electricity tariffs have been levied for the maintenance of electricity infrastructure by the National Energy Regulator of South Africa (NERSA) for all municipalities in Eastern Cape.
2. whether NERSA supervises expenditure on infrastructure maintenance; if not, who is responsible for the oversight; if so, what are the relevant details?
3. whether municipalities have submitted any type of reports on maintenance of electricity infrastructure; if not, why not; if do, what are the relevant details?

Reply

1. When determining the municipal tariff guideline increase NERSA allocates 6% of the municipal total costs towards maintenance/refurbishment/recapitalisation. A municipality is therefore required to spend a minimum of 6% of its total electricity revenue towards repairs and maintenance. This constitutes a weighted average increase of 0.23% out of the 11.03% guideline increase that was approved for municipalities for the financial year 2012/13.
2. Expenditure on maintenance is covered during all the compliance monitoring audits on electricity distributors. The audit questionnaire specifically has a section on maintenance plans, and the implementation of those plans. If the audit team finds non-compliance on any points NERSA requests the licensees to prepare and submit corrective action plans to address the findings. This is done in compliance with Section 33 of the Electricity Regulation Act, 2006 (Act No. 4 of 2006). However, this is not adequate and far from satisfactory; it would be preferable if the regulator had authority to do more in order to effectively deter licensees from not complying and thus

compromising the quality of supply to customers. The ability to impose meaningful and impactful penalties would go a long way to ensuring the desired levels of compliance.

3. Apart from the annual submission, to NERSA, of Distribution forms (D forms) the licensee submits the corrective action plans mentioned above. The D forms provide full financial and technical details of the licensee, including expenditure on maintenance.