

NATIONAL ASSEMBLY

QUESTION 1111

QUESTION FOR WRITTEN REPLY

1111. Mr. P F Smith (IFP) to ask the Minister of Energy:

- (a) What is the price of electricity sold by Eskom to neighbouring states and
- (b) How is it compared to the price of electricity supplied to local municipalities? NW1263E

Reply

- (a) The prices charged to neighbouring utilities are individually negotiated using the standard Megaflex tariff as a basis with an appropriate premium. Escalation on these prices is in line with the NERSA approved increase. Electricity is also sold to three end-use customers, two of which (Skorpion Mine and Mozal) are charged prices which were negotiated some years ago and are being renegotiated, while the third is supplied at standard tariffs.

	2009-10 Average Rate (C/KWh)
Utilities	
BPC	30.9
NamPower	38.0
SEC	32.0
LEC	37.8
End-use customers	
Motraco	12.3
Skorpion	18.0
Namdeb	31.5

- (b) Eskom does not have a unique tariff for municipalities. They choose the standard Eskom retail tariff that suits their load profile (the way they use electricity) the best. Details of the Eskom tariffs can be found at www.eskom.co.za/tariffs. As a result, the price of electricity supplied to local municipalities differs widely depending on what standard tariff they are on, where they are located (rural or urban), at what voltage they take supply and the size of their supply. The average price paid by municipal supplies, taking into consideration all the different tariffs was 31.8 c/kWh for 2009/10 and 25.4c/kWh for 2008/09.

It should be pointed out that a direct comparison of the prices is incorrect. The prices need to be compared to the cost of supply which is higher for some municipalities. On the basis of a cost supply, all customers are treated fairly.