

## Nersa has exacerbated municipalities' inability to pay Eskom – Salga

Eight times inflation electricity price hike unaffordable for cash-strapped consumers

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By Mbuso Kunene



Thami Ngubane, Salga's national working group chairperson for electricity, energy and public work

THE South African Local Government Association (Salga) said it has noted with grave concern that the National Energy Regulator of South Africa (Nersa) has approved Eskom's tariff application, as announced last week.

Salga's national working group chairperson for electricity energy, and public work, Thami Ngubane said this decision would result in electricity price increases of 18.65% in the 2023/24 fiscal year and 12.74% in 2024/25.

As the national voice of South Africa's 257 municipalities, Salga appreciates the mandate Nersa has in setting the rules and rates for electricity generation, transmission, and distribution in South Africa, however, the ongoing increases in electricity prices while Eskom continues to face a shortage of generation capacity will have a continuing negative impact on municipalities, consumers, and businesses.

"The approved tariff by Nersa amounts to a total 33% increase over next two years. This is effectively the increase Eskom asked for, and is an increase of more than eight times inflation, coming at a time of stage 6 load-shedding where we are experiencing a loss of power for eight hours out of 24.

This means that for one third of the time, we don't have power at all. Such a price increase can result only in a lot of hardship for customers across the board," said Ngubane.

Moreover, Ngubane said this decision would result in accelerated levels of non-payment, theft, illegal connections, and related technical losses, and will further exacerbate municipalities' inability to pay Eskom.

"In an economy where we are likely to see weak economic growth this year, with stagflation risks, high unemployment and high inflation rates with rising prices and overall cost of living, consumers are cash-strapped and the electricity price hike is unaffordable."

This is visible in consumer debt to municipalities, which stands at R289-billion. Utility services are becoming increasingly unaffordable.

All this is happening while municipalities are still recovering from the Covid-19 pandemic which hit hard the ability of municipalities to collect revenue and service municipal debt," added Ngubane.