

City of Johannesburg Council

COJ : MAYORAL COMMITTEE 2020-03-20

**CITY POWER JOHANNESBURG (SOC) LTD**

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**6 DRAFT REQUEST FOR APPROVAL TO  
AMEND TARIFF OF CHARGES  
FOR ELECTRICITY SERVICES:  
FY2020/2021**

**1 STRATEGIC THRUST**

Alignment to GDS 2040 & IDP.

**2 OBJECTIVE**

To propose draft electricity tariffs increases and amendment of charges for 2020 and 2021 financial year and the continuation of all the surcharges as approved by Council of City of Johannesburg for City Power Johannesburg Pty Ltd areas of supply for the purpose of budget consideration as well as consultation with City Power customers.

**3 BACKGROUND**

City Power reviews its tariff structure annually in order to determine changes in the price of electricity for its customers. During this process, City Power must not only comply with the Municipal Finance Management Act (MFMA), and NERSA regulations and guidelines, but also consider the expectations from the City of Johannesburg (COJ) as its shareholder as well as its customers, residents of City of Johannesburg that are supplied electricity by City Power.

City Power's tariff therefore is determined by consideration of three key factors;

- (1) NERSA municipal tariff guideline increase,
- (2) City Power cost structure including bulk purchases from Eskom and Kelvin and expected increase in the each of the respective elements of the cost structure,
- (3) Shareholder and stakeholder considerations including but not limited to financial sustainability, cost reflectivity and affordability of approved tariffs.

NERSA granted Eskom a total annual average tariff increase of 8.8% for FY2020/21. The increase is inclusive of liquidation of the regulatory clearing accounts (RCAs) of R9 652 m in favour of Eskom for Year 2-5 of the Multi-year price determination 3 (MYPD3). Without liquidation of the RCA the annual average increase granted to Eskom would have amounted to 8.1% only. NERSA is currently implementing MYPD4 which is a determination for three years. FY2020/2021 will be the second year of the current MYPD4 cycle. Based on the MYPD4 Decision Eskom has applied to NERSA for implementation of the allowed increase in the form of an Eskom retail tariff and structural adjustment (ERTSA) for year 2 of MYPD4. The ERTSA decision for Eskom FY2020/2021 is expected by 15 March 2020.

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NERSA can only determine the municipal guideline increase for FY2020/2021 after the process of Eskom Y2020/2021 ERTSA. Though the municipal guideline will be based on the annual average increase of 8.8% already granted to Eskom, NERSA is yet to determine the actual municipal guideline increase for implementation with effect from 1 July 2020. It is expected that NERSA will approve the municipal guideline by 30 April 2020.

NERSA uses the ERTSA methodology to determine the annual municipal guideline. Based on the methodology Eskom tariff increase is with effect from the beginning of its new financial year on 1 April 2020, however MFMA prescribes that increase to municipal customer be delayed until 1 July 2020. The increase allowed to Eskom for municipal entities for the current financial year was 15.63%, to be in place until 31 July 2020. As the previously allowed higher increase (15.63%) will be in place for three months into the next Eskom FY2020/21 it is expected that the municipal guideline increase for FY2020/2021 to be lower than the annual average increase granted to Eskom and to range between 6.5% and 8.1%.

Until such time that FY2020/2021 municipal guideline increase is determined by NERSA it is prudent to presume an average tariff increase of 8.1%, which is the upper boundary of the expected NERSA municipal guideline increase for the FY2020/2021 tariff cycle. The proposed 8,1% average tariff increase is therefore only preliminary (draft) until such time that NERSA makes a formal determination in the form of the municipal guideline increase for FY2020/2021.

It is our intention to limit the tariff average tariff increase for FY2020/21 to the envisaged NERSA approved guideline increase. Even though individual customer categories may be subjected to variant increases the overall average increase is intended to be in line with the NERSA guideline increase in order to ensure City Power is enabled to meet its service delivery objectives, with tariffs that are generally comparable to NERSA tariff benchmarks and those of other metropolitan municipalities of similar size and with similar customer profiles.

#### 4 PROPOSED TARIFF INCREASE FOR FY2020/21

##### (1) Annual Average increase for FY2020/2021

The preliminary proposed annual average increase of 8.1% to City Power tariffs for FY2020/21. According to the NERSA methodology for determining the municipal guideline increase it has to consider the municipal entities actual cost structure in making a tariff determination.

City Power is supplied electricity by both Eskom and Kelvin in Power Station (KPS). Approximately 10.0% of our bulk purchases will be from KPS and the rest from Eskom. Based on the long-term power purchase agreement with Kelvin and

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the current level of KPS bulk purchase cost, it is expected that KPS will increase cost by 8.1% which will have to be taken in consideration in determining the increase City Power may end up applying for after the municipal guideline increase is determined by NERSA.

The proposed average increase of 8.10%, therefore, is in line with the upper limit of anticipated NERSA municipal guideline increase. This increase of is achieved based on the following:

- All service and capacity charges (Rand/month) across all customer categories is proposed to be increased by 8.1%. The proposed increase to service and capacity charge is aimed at achieving greater balance between City Power's revenue and cost structure by gradually increasing the contribution with a fixed income to more effectively compensate for the proportionally higher fixed cost structure of our operations.
- All large power user (LPU) demand charges (Rand/kVA) across all customer categories is proposed to be increased by 8.1% in order to achieve a greater balance between City Power revenue and cost structure by gradually increasing the contribution of fixed income from LPUs to more effectively compensate for the proportionally higher fixed cost structure of our operations.
- All energy charges (c/kWh) across all customer categories is proposed to be increased by 8.1% except for the following customer categories which will be subjected to varied increase to energy charges;
  - residential prepaid,
  - prepaid business
  - conventional business,
  - LPU Time of Use (TOU),
  - Residential Reseller.
- To limit the increase to conventional business customer's energy charges (c/kWh) to 5.80% to gradually align to NERSA benchmark tariffs,
- To increase the energy charges applicable to LPU TOU customers by 10.6% to achieve greater alignment between these customer categories and LPU Demand categories.
- It is also proposed for residential and business prepaid customers to start making appropriate contribution to the cost of operating and maintaining the City Power electricity distribution network to be available on demand. It is proposed to introduce a capacity charge of

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R200 for residential customers and a R400 for business prepaid customers. It is envisaged that the particular customer categories will fully align to respective comparative tariffs over a three-year tariff journey.

- It is further proposed to introduce the following new tariff categories:
  - Generation use of system tariff commonly referred to as wheeling tariffs or third party network excess charges; The electricity regulation framework compel licensed to on request provide third party excess to our electricity distribution network at NERSA approved tariffs. Third parties may require excess to the City Power network should they have electricity supply customers embedded in our network.
  - Alternative LPU Time of Use (TOU) Tariff based on the notified maximum demand methodology; In terms of the proposed alternative tariff qualifying TOU customers will have the option of apply split the demand charge (R/kVA) into network access based on NMD as determined by the customer and a demand charge based on the monthly actual demand for capacity. LPU TOU Customers who choose to be on the particular tariff will still be subjected to all other tariffs that may be applicable to normal LUP TOU customer categories except for variant demand charges (R/kVA).

#### (2) Review of the Residential Prepaid Tariff

The current residential prepaid tariff is still significantly lower when compared to residential conventional 60A tariff. In order to better align between the two tariff categories it is proposed to further review the structure of the residential prepaid tariff as well as to introduce a fixed monthly capacity charge (R/m).

It is proposed to reduce the size of block 1 and to increase block 2 in the following manner:

- Block 1 to be reduced to 0-300kWhs from 350kWhs
- Block 2 to be reduced to 301-500kWh from 351-500kWhs
- Block 3 to remain at all consumption greater than 500kWh

Since the current average consumption per prepaid customer is approximately 374kWh per month it is proposed to limit the average increase to the average prepaid customer to 8.1% by limiting the increase in block 1 tariff to 5.2% (expected consumer price index) and Block 2 and Block 3 tariffs to increase by 9.0% and 11.0% respectively to compensate for lower increase to block 1 tariff, this is however before consideration of the impact of the envisaged fixed capacity

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charge, In so doing the low consumption customer will be cushioned while the high end customer's prepaid tariffs advantage over the conventional 60A customer is further reduced. However, the average tariff increase for customers consuming more than 300kWh per month could be higher than 8.1% depending on their respective average consumption levels.

The proposed residential conventional Single Phase 60A tariff includes total basic charges of at R593.30 in addition to the proposed energy charges. Currently residential customers can avoid to pay any basic charges by simply converting to the prepaid tariff, resulting in revenue loss to City Power. Residential prepaid customer currently does not make adequate contribution to the cost of operating and maintaining the electricity infrastructure to ensure its availability on demand. It is therefore proposed to introduce a capacity charge of R200/m for all residential prepaid customers.

Table 1: Proposed Residential Conventional 60A vs Prepaid Tariff for FY2020/2021

Residential Conventional 60A (Proposed)					374	Residential Prepaid (Proposed)					374
	Block Size	Block	Remainder	Tariffs (c/kWh)	Rand		Block Size	Block	Remainder	Tariffs (c/kWh)	Rand
Block 1	<=500	500	374	144.94	542.0774	Block 1	<=300	300	300	146.67	440.01
Block 2	>500<=1000	1000	0	166.33	-	Block 2	>300<=500	500	74	174.31	128.99
Block 3	>1000<=2000	2000	0	178.60	-	Block 3	>500	50000	0	202.28	-
Block 4	>2000<=3000	3000	0	188.44	-						
Block 5	>3000	30000	0	197.68	-						
					542.08						569.00
Total Basic Charges					593.30	Total Basic Charges					200
Service Charge					150.36	Service Charge					
Capacity Charge					442.94	Capacity Charge					200
Total Charges					1 135.37	Total Charges					769.00
Average Selling Price (c/kWh)					303.58	Average Selling Price (c/kWh)					205.62
Average Selling Price Energy Only (c/kWh)					144.94	Average Selling Price Energy Only (c/kWh)					152.14
Average Selling Price Basic Charges Only (c/kWh)					158.64	Average Selling Price Basic Charges Only (c/kWh)					53.48

The proposed tariffs for residential prepaid (Table 1) customer with an average consumption level of 374kWh/month will pay only 205.62c/kWh, while the customer on the conventional tariff the average tariff will be 303.58c/kWh because of the effect of the proposed introduction of the capacity charge. In so doing the residential prepaid customer as from the beginning of FY2020/21 start to make meaningful contribution to cost of operating and maintaining the electricity infrastructure. It is expected for the tariff differential between the residential prepaid customer to be eliminated over the next three years by gradually increasing to the residential prepaid capacity charge over the next three years.

The proposed changes in the prepaid tariff structure will further reduce the difference between the two customer categories will at a consumption level of 1200kWh per month reduce. The proposed introduction of R200/month capacity charge to residential prepaid customers will almost eliminating potential negative

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revenue impact due to high usage customer migration to the residential prepaid tariff at consumption levels of 1200kWh/m. It will however result to an average of 21% increase to customers consuming 1200kWh/m as they will start to make more meaningful contribution to the cost of ensuring network availability on demand.

#### (3) Review of the Residential Reseller Tariff Structure

NERSA regulation allow residential reseller customers to provide electricity distribution service on behalf of the City of Johannesburg in a captive residential complexes. The resellers are compelled to provide such services to their "customers" at NERSA approved tariffs as their customers are in City Power area of supply. Most of the residential resellers therefore provide such services to their customers at approved City Power residential prepaid tariffs. The residential reseller tariff should therefore be such that reseller can earn a margin while charging their customers approved residential prepaid tariffs. The residential prepaid tariff has however been restructured into a three block inclining block tariff (IBT) from a five block IBT. It is therefore proposed that that the residential reseller IBT tariff also be revised down to three blocks as well to align its tariff structure to that of prepaid customers. It is further proposed that the block sizes also be aligned to that of residential prepaid. However, the residential reseller tariff will continue to consider the number of living units serviced by an individual reseller as provided for by the reseller tariff methodology.

The following are the proposed tariffs and block sizes for FY2020/2021

- Block 1; < 300kWh/m @ R1.275
- Block2; > 300 < = 500kWh/m @ R1.514
- Block 3 > 500kWh/m @R1.7193

To the extent that residential prepaid customers are each charged a capacity charge of R200 per customer, residential resellers should also be charged a capacity charge of R200 per customer supplied by a particular reseller. This will ensure that residential resellers make more appropriate contribution to the cost of operating and maintaining the electricity network to ensure availability of the network on demand. The proposed variation will ensure that the capacity charge to residential resellers is commensurate to cost of providing the size of bulk supply it may require.

#### (4) Review of the Business Prepaid Tariff/Business Reseller

The current business prepaid tariff is on average about 4.2% lower when compared to Business conventional < 50kVA tariff. The proposed business conventional < 50kVA tariff includes total basic charges of at R887.70 in addition to the proposed energy charges. Currently customers on business tariff can avoid

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to pay any basic charges by simply converting to the prepaid tariff. The business prepaid customer currently does not make antiquate contribution to the cost of operating and maintaining the electricity infrastructure to ensure its availability on demand.

It is proposed to start introducing the business prepaid customer to a capacity charge (R/month) of R400 and a further R400 over the subsequent financial year to reduce the price differential between business prepaid and business conventional customers. The proposed introduction of R400/month capacity charge to business prepaid customers will start to eliminate potential negative revenue impact due to high usage business customer migration to the business prepaid tariff. It is further proposed to limit the increase in energy charges to 5.8%. This will also assist in ensuring that the overall average increase in tariffs is not more than 8.1%, before consideration of the introduction of capacity charges for prepaid customers.

To the extent that business prepaid customers are each charged a capacity charge of R400/m, business resellers should also be charged a capacity charge of R400 per customer supplied by a particular reseller. This will ensure that residential resellers make more appropriate contribution to the cost of operating and maintaining the electricity network to ensure availability of the network on demand. The proposed variation will ensure that the capacity charge to business resellers is commensurate to cost of providing the size of bulk supply it may require.

(5) Alignment of LPU Demand Tariff and LPU TOU Tariff

City Power LPU customers have a choice between LPU Demand and the LPU TOU tariff. The current capacity charges (R/kVA) for the tariff categories are the same respectively for LV and MV customers.

The only factor that differentiates the current LPU Demand and LPU TOU tariffs is the respective energy charges. The MV Demand tariff for example has only two energy charges one for summer at R1.3225/kWh and R1.5653/kWh during winter (Table 2). On the other hand, the MV TOU has two sets of energy charges that are both seasonally and time differentiated.

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Table 2: Comparison of the current LPU MV Demand and LPU MV TOU Tariff

LPU Demand : Energy Consumption Mix	Peak	Std	Off-Peak	LPU TOU: Energy Consumption Mix	Peak	Std	Off-Peak
	17%	43%	40%		17%	43%	40%
Consumption kWh	100 000			Consumption kWh	100 000		
Summer Energy Charges (R/kWh)				Summer Energy Charges (R/kWh)			
Peak	R1.4296			Peak	R1.7252		
Standard	R1.4296			Standard	R1.2989		
Off-Peak	R1.4296			Off-Peak	R0.9985		
Winter Charges (R/kWh)				Winter Charges (R/kWh)			
Peak	R1.6921			Peak	R4.1053		
Standard	R1.6921			Standard	R1.5674		
Off-Peak	R1.6921			Off-Peak	R1.0740		
Summer Average tariff (Energy Only) (R/kWh)	R1.4296			Summer Average tariff (Energy Only) (R/kWh)	R1.2512		
Winter Average tariff (Energy Only) (R/kWh)	R1.6921			Winter Average tariff (Energy Only) (R/kWh)	R1.8015		
Annual Average tariff (Energy Only) (R/kWh)	<b>R1.4952</b>			Annual Average tariff (Energy Only) (R/kWh)	<b>R1.3888</b>		

Based on our current bulk purchases energy consumption mix (peak, standard & off-peak) the annual average tariff (energy only) for the MV TOU customer at approximately R1.4557/kWh is about 9.2% cheaper than the average energy tariff to LPU MV Demand customer currently at R1.3832/kWh.

In order to ensure greater parity between the two sets of energy charges it is proposed to for 2020/2021FY increase to TOU energy charges each by 10.61%. In so doing the average price differential will drop to approximately 7.1% though still in favour of the LPU TOU customers. This however will not result in an additional annual average increase as the energy charges applicable to Conventional Business and Business Prepaid customers is proposed to be limited to 5.8%.

#### (6) Limiting increase to Conventional Business Customers

The customer category is charged on a two-part tariff consisting of energy (c/kWh) and basic charges (R/month). The basic charges consist of a service charge and a capacity charge. It is proposed to increase the basic charges by 8.1% and the energy charges by 5.8%. This will result in a lower overall average increase of only 5.95% for the customer category. The lower average increase is essential as our business conventional customers are on the higher average tariff that are to be gradually aligned to the rest of our tariff categories. This will also assist in ensuring that the overall average increase in tariffs is not more than 8.1%, before consideration of the introduction of capacity charges for prepaid customers.

#### (7) Proposed introduction of Generator Use of System Tariff

The tariff will be applicable to generators of electricity who may like to service customers embedded within the City Power area of supply with alternative sources of electricity. This would typically be an Independent Power Producer who may wish to supply electricity to for example a customer that is currently supplied by City Power by been granted third party excess to our network



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infrastructure. City Power is legally obliged to give such generator third party excess to our network at a reasonable fee. Since the customer will otherwise be supplied by City Power giving IPPs third party excess to our network would effectively displace us as the supplier of electricity. However, since the IPP and the end customer will still rely on or network infrastructure, City Power will remain the network services provider irrespective of is the actual supplier of electricity, i.e. the end customer will therefore continue to pay for the network services via the Rand/ kVA capacity charge like any other LPU customer.

Since the customer will be supplied energy by third party City Power would not need to source such electricity therefore our bulk purchases of energy (kWh) and associated cost will reduce by the same extent. However, City Power currently on average makes an annual average gross margin ranging between R0.3891 and R0.3186/kWh by buying and selling electricity by supplying captive customers with electricity. The gross margin can vary depending on supply voltage as well as the energy consumption mix profile. Most of the City Power TOU customers are supplied at voltage less than 66kV.

Allowing customers to source electricity from IPPs will therefore displace the current margin on kWhs sold. City Power can however protect some of its margin on volumes by charging the generator energy based network excess charges for using our network. It is proposed to charge the IPP network excess charges such that at the current annual average gross margin on TOU supply to customers at < = 66kV of an average of R0.3186/kWh is maintained.

This will enable City Power to minimize gross margin displaced by IPPs using our network. The proposed charges should however be time of day differentiated to appropriately to incentives the IPP to use our network in peak periods to maximize our gain. The proposed Generator use of system charges are calculated based on our current tariff margins but should be escalated by 8.1% to be in line with tariffs that will be applicable as from the beginning of FY2020/2021. It is therefore proposed to introduce the generator use of system charges at the following rates:

- Peak at R0.222406
- Standard at R0.349163
- Off-Peak at R0.26251

(8) Proposed Alternate TOU Demand Tariff based on Notified Maximum Demand (NMD) Methodology

It is proposed to allow LPU TOU customers be given an option to migrate toward a tariff where the demand charge (R/kVA) is based on a combination of Notified Maximum Demand and Actual Demand in a particular month.

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Customers are currently charged based on highest 12 month rolling actual maximum demand as a result income derived from the capacity charges may decline as customers reduce consumption even though network operating cost may be fixed and not reduce as customer reduces dependence on the network. Migration towards charges based on combination of notified maximum demand (NMD) and actual demand will start to ensure greater alignment between the City Power cost structure and tariff structure. The proposed alternate tariff will ensure TOU Demand customers continue to adequately contribute to cost of ensuring availability of grid supply on demand, while enabling customers to proactively supplement their demand for electricity supplied by City Power while remaining grid tight for purposes of security of supply.

The following tariffs are proposed for FY2020/2021:

(a) TOU Demand MV

Network Capacity Charge; R101.33/kVA (Based on NMD)

Network Demand Charge; R101.33/kVA (Based on actual demand for the month)

(b) TOU Demand LV

Network Capacity Charge; R108.32/kVA (Based on NMD)

Network Demand Charge; R108.32/kVA (Based on actual demand for the month)

The customer will however be required to apply to give City Power notice of its intended NMD. The network capacity charge will be based on the higher of NMD or actual demand in a particular month. The network demand will always be based on the actual demand in the month of a billing cycle.

Except for the variant demand charges all other tariffs applicable to the respective TOU customer categories will remain applicable to customers who may opt for the NMD based Demand Charges.

(9) Summary of Proposed Structural Changes to Tariffs

In order to streamline City Power's tariff structure, the following structural changes to some tariff categories are proposed for approval:

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Tariff Category	Proposed Structural Changes
Residential prepaid customer tariff	Review: the residential prepaid customer tariff inclining block structure, by reducing the size of block 1 from maximum of 350kWh to 300kWh, to gradually align the residential prepaid tariff to the conventional residential single-phase customer. It is also proposed to introduce a network capacity charge of R200/m to over the next three years ensure that it is the same as the network capacity charge applicable to residential conventional 60A customers.
Residential TOU Tariff	Discontinue: the Residential Single Phase TOU Tariff and as the current Residential Three Phase (TOU) Tariff is sufficient for the residential TOU customer segment
Business Prepaid Tariff	Proposed to introduce a network capacity charge of R400/m to over the next three years ensure that it is the same as the network capacity charge applicable to business conventional < = 50kVA customers.
Residential Reseller	Review: that residential reseller number of IBT blocks be reduced from 5 to 3 and block sizes to be the same as the block sizes proposed for residential prepaid customer. It is further proposed to introduce a capacity charge equal to R200 multiplied the number of living units supplied by a reseller, provided that the residential prepaid capacity charge is approved.
Business Reseller	Review: It is proposed to introduce a capacity charge equal to R400 multiplied the number of living units supplied by a reseller, provided that the residential prepaid capacity charge is approved.
Generator Use of System Tarff	New: The proposed tariff is intended to enable City Power to on request give third party excess to the network as it is obliged by the regulatory framework to do so on request by a generator with customer/(s) embedded in the City Power Network.
Alternative TOU tariff based on Notified Maximum Demand Tariff Methodology	New: Alternate tariff based on the notified demand methodology to give option to customers who exercise the option of active demand management while keeping grid supply for the purposes of security of supply.

A summary of the expected escalations for the next three years is presented in the following table for each of the respective customer categories:

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Segment	Overall Tariff Escalation Rates			
	FY1920*	FY2021	FY2122	FY2223
Large Power User (MV-TOU)	15.77%	9.95%	5.22%	10.00%
Large Power User (LV-TOU)	15.74%	9.86%	5.22%	10.00%
LPM-MV	15.20%	8.09%	5.22%	10.00%
LPU-LV	15.20%	8.09%	5.22%	10.00%
Business Conventional	12.34%	5.95%	5.22%	10.00%
Business Prepaid	13.07%	5.80%	5.22%	10.00%
Agricultural	13.07%	5.80%	5.22%	10.00%
Residential Conventional	13.07%	8.10%	5.22%	10.00%
Residential Prepaid	13.07%	8.10%	5.22%	10.00%
Reseller Residential Conventional	13.07%	8.10%	5.22%	10.00%
Reseller Business Conventional	13.07%	8.10%	5.22%	10.00%
<b>Average Increase</b>	<b>13.07%</b>	<b>8.10%</b>	<b>5.22%</b>	<b>10.00%</b>

\*Actual NERSA allowed increase

The above calculation is before consideration of the proposed R200.00/m and R400.00/m capacity charge for residential prepaid and business prepaid customers. This because the impact on customers will vary from customer to customer depending on the consumption profile of a particular customer. The proposed introduction of capacity charges is to ensure that prepaid customers start to contribute to the cost of operating and maintain the electricity distribution infrastructure to ensure availability of supply on demand.

**NETWORK SURCHARGE**

In terms of the provisions of the Municipal Fiscal Powers and Functions Act, (Act 12 of 2007) hereafter referred to as MFPFA, municipalities and their collecting agent may impose municipal surcharges on fees for services provided under section 229(1)(a) of the Constitution. Section 1 of the MFPFA defines municipal surcharge as a charge in excess of the municipal base tariff that a municipality may impose on fees for municipal service provided by or on behalf of the municipality.

It is hereby proposed that the Network Surcharge remain unchanged at 6c/kWh. The Network Surcharge is based on energy consumed measured in kWh and is applicable to all customer categories. However residential customers are exempted for the first 500kWh/month, meaning that residential consumption beyond 500kWh per month will be subject to the Network Surcharge.

**5 POLICY IMPLICATIONS**

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

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### **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 2020/2021 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**

The implications of the proposed tariff increase should result in additional revenue of R897m to total expected revenue of R17 069m from sale of electricity for FY2020/2021. In addition to the budgeted revenue additional total revenue of approximately R597m may be realised should the proposed capacity charges for prepaid customers be approved.

### **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 customer's 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**

The bodies that have been consulted prior to the draft proposal to the Mayoral Committee for consideration are:

- (1) City Power Executive committee
- (2) City Power Board

## **IT IS RECOMMENDED**

- 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 2020 its Tariff of Charges.**

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- 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:**
  - (1) displays the notice and the documents and notice in the manner prescribed;**
  - (2) 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**
  - (3) 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.**
  
- 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.**
  
- 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 Recommendation 2 above with recommendations on the final draft of the Tariffs of Charges for approval.**
  
- 5 That the report be submitted to a relevant Section 79 Committee for comment.**

(FINANCE)  
(Frank Hinda)  
(tc)

THE NEXT ITEM FOLLOWS THE ANNEXURE TO THIS ITEM

City of Johannesburg Council

COJ : MAYORAL COMMITTEE 2020-03-20

**CITY POWER JOHANNESBURG (SOC) LTD**

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**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 –Frank Hinda

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

City of Johannesburg Council

COJ : MAYORAL COMMITTEE 2020-03-20

**CITY POWER JOHANNESBURG (SOC) LTD****Annexure B**

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

Segment	Overall Tariff Escalation Rates			
	FY1920*	FY2021	FY2122	FY2223
Large Power User (MV-TOU)	15.77%	9.95%	5.22%	10.00%
Large Power User (LV-TOU)	15.74%	9.86%	5.22%	10.00%
LPM-MV	15.20%	8.09%	5.22%	10.00%
LPU-LV	15.20%	8.09%	5.22%	10.00%
Business Conventional	12.34%	5.95%	5.22%	10.00%
Business Prepaid	13.07%	5.80%	5.22%	10.00%
Agricultural	13.07%	5.80%	5.22%	10.00%
Residential Conventional	13.07%	8.10%	5.22%	10.00%
Residential Prepaid	13.07%	8.10%	5.22%	10.00%
Reseller Residential Conventional	13.07%	8.10%	5.22%	10.00%
Reseller Business Conventional	13.07%	8.10%	5.22%	10.00%
<b>Average Increase</b>	<b>13.07%</b>	<b>8.10%</b>	<b>5.22%</b>	<b>10.00%</b>

\*Actual NERSA allowed increase

The above calculation is before consideration of the proposed R200.00/m and R400.00/m capacity charge for residential prepaid and business prepaid customers. This because the impact on customers will vary from customer to customer depending on the consumption profile of a particular customer. The proposed introduction of capacity charges is to ensure that prepaid customers start to contribute to the cost of operating and maintain the electricity distribution infrastructure to ensure availability of supply on demand.



City of Johannesburg Council

COJ : MAYORAL COMMITTEE 2020-03-20

**CITY POWER JOHANNESBURG (SOC) LTD****ANNEXURE C**

The summary of draft tariffs proposed for 2020/21FY

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	1 675.71	21 679.11	198.89	198.89	172.52	410.53		
		kWh	Standard					129.89	156.75		
		kWh	Off-peak					99.85	107.40		
Large Customer - TOU	MV	kVA	Peak	1 661.68	4 621.47	213.87	213.87	172.52	410.53		
		kWh	Standard					129.89	156.75		
		kWh	Off-peak					99.85	107.40		
Large Customer - TOU	LV	kVA	Peak	1 208.49	1 080.44	228.83	228.83	172.52	410.53		
		kWh	Standard					129.89	156.75		
		kWh	Off-peak					99.85	107.40		
Large Customer	MV	kVA		906.37	4 894.47	213.87	213.87	142.97	169.21		
Large Customer	LV	kVA		755.31	1 153.43	228.81	228.81	153.15	179.38		
Large Customer Reactive Energy	c/kVArh							24.00			
Business	400 V	kVA	< 50	453.19	434.51						
		kWh	0 - 500					214.08	224.11		
		kWh	501 - 1000					234.97	243.99		
		kWh	1001 - 2000					246.40	254.87		
		kWh	2001 - 3000					255.39	263.44		
		kWh	> 3000					263.68	271.32		
		kVA	< 100					453.19	620.92		
		kWh	0 - 500					214.08	224.11		
		kWh	501 - 1000					234.97	243.99		
		kWh	1001 - 2000					246.40	254.87		
kWh	2001 - 3000	255.39	263.44								
kWh	> 3000	263.68	271.32								
Business Prepaid	400 V	kVA		-	400.00						
		kWh	0 - 500					221.87	221.87		
		kWh	501 - 1000					242.95	242.95		
		kWh	1001 - 2000					254.49	254.49		
		kWh	2001 - 3000					263.57	263.57		
		kWh	> 3000					271.93	271.93		
Reseller Business (Conventional)	400 V	kVA		453.19	434.51						
		kWh	0 - 500					200.33	210.99		
		kWh	501 - 1000					220.47	230.09		
		kWh	1001 - 2000					231.50	240.54		
		kWh	2001 - 3000					240.16	248.76		
		kWh	> 3000					248.15	256.34		

City of Johannesburg Council

COJ : MAYORAL COMMITTEE 2020-03-20

**CITY POWER JOHANNESBURG (SOC) LTD****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
<b>Agricultural</b>	<b>400 V</b>	<b>kVA</b>		453.19	609.57			169.36	196.00
<b>Domestic TOU 3 Ø</b>	230 V	<b>A</b> kWh	<b>80</b> Peak	150.36	606.73			175.74	404.30
		kWh	Standard					139.02	165.62
		kWh	Off-peak					109.37	116.87
<b>Domestic TOU 1 Ø</b>	230 V	<b>A</b> kWh	<b>80</b> Peak	150.36	487.04			175.74	404.30
		kWh	Standard					139.02	165.62
		kWh	Off-peak					109.37	116.87
<b>Domestic 3 Ø Seasonal</b>	<b>230 V</b>	<b>A</b> kWh	<b>80</b> 0 - 500	150.36	606.73			137.85	164.46
		kWh	501 - 1000					159.25	185.85
		kWh	1001 - 2000					171.52	198.13
		kWh	2001 - 3000					181.35	203.94
		kWh	> 3000					190.60	217.20
<b>Domestic 1 Ø Seasonal</b>	<b>230 V</b>	<b>A</b> kWh	<b>80</b> 0 - 500	150.36	487.04			137.85	164.46
		kWh	501 - 1000					159.25	185.85
		kWh	1001 - 2000					171.52	198.13
		kWh	2001 - 3000					181.35	203.94
		kWh	> 3000					190.60	217.20

City of Johannesburg Council

COJ : MAYORAL COMMITTEE 2020-03-20

**CITY POWER JOHANNESBURG (SOC) LTD****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	150.36	606.73				
		kWh	0 - 500					144.94	144.94
		kWh	501 - 1000					166.33	166.33
		kWh	1001 - 2000					178.61	178.61
		kWh	2001 - 3000					188.44	188.44
kWh	> 3000	197.68	197.68						
Domestic 1 Ø	230 V	A	60	150.36	442.94				
		kWh	0 - 500					144.94	144.94
		kWh	501 - 1000					166.33	166.33
		kWh	1001 - 2000					178.61	178.61
		kWh	2001 - 3000					188.44	188.44
kWh	> 3000	197.68	197.68						
Domestic 1 Ø	230 V	A	80	150.36	487.04				
		kWh	0 - 500					144.94	144.94
		kWh	501 - 1000					166.33	166.33
		kWh	1001 - 2000					178.61	178.61
		kWh	2001 - 3000					188.44	188.44
kWh	> 3000	197.68	197.68						
Domestic Prepaid	230 V	kWh	0 - 300		200.00			150.72	150.72
		kWh	301 - 500					172.87	172.87
		kWh	>500					196.99	196.99
Reseller Domestic (Conventional)	230 V	A	80	151.07	609.57				
		kWh	0 - 300					127.50	127.50
		kWh	301 - 500					151.14	151.14
kWh	>500	171.93	171.93						
Robot Intersections								282.55	282.55
Streetlights & Billboard per Luminaire								316.74	316.74

**EMBEDDED GENERATION TARIFF**

<b>Embeeded Generator Tariff</b>	<b>c/KWh</b>
Residential Embedded Generator	57.34
Business & Large Power User Embedded Generator Tariff (<=1MW)	48.42

City of Johannesburg Council

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**CITY POWER JOHANNESBURG (SOC) LTD**

**Annexure D**

Proposed percentage increases for 20/21FY to respective tariffs are as follows:

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	8.10%	8.10%	8.10%	8.10%	10.60%	10.60%		
		kWh	Standard					10.60%	10.60%		
		kWh	Off-peak					10.60%	10.60%		
Large Customer - TOU	MV	kVA	Peak	8.10%	8.10%	8.10%	8.10%	10.60%	10.60%		
		kWh	Standard					10.60%	10.60%		
		kWh	Off-peak					10.60%	10.60%		
Large Customer - TOU	LV	kVA	Peak	8.10%	8.10%	8.10%	8.10%	10.60%	10.60%		
		kWh	Standard					10.60%	10.60%		
		kWh	Off-peak					10.60%	10.60%		
Large Customer	MV	kVA		8.10%	8.10%	8.10%	8.10%	8.10%	8.10%		
Large Customer	LV	kVA		8.10%	8.10%	8.10%	8.10%	8.10%	8.10%		
Large Customer Reactive Energy	c/kVArh							8.10%			
Business	400 V	kVA	< 50	8.10%	8.10%						
		kWh	0 - 500					5.80%	5.80%		
		kWh	501 - 1000					5.80%	5.80%		
		kWh	1001 - 2000					5.80%	5.80%		
		kWh	2001 - 3000					5.80%	5.80%		
		kWh	> 3000	5.80%	5.80%						
		kVA	< 100	8.10%	8.10%						
		kWh	0 - 500					5.80%	5.80%		
		kWh	501 - 1000					5.80%	5.80%		
		kWh	1001 - 2000					5.80%	5.80%		
kWh	2001 - 3000	5.80%	5.80%								
kWh	> 3000	5.80%	5.80%								
Business Prepaid	400 V	kVA				New					
		kWh	0 - 500					5.80%	5.80%		
		kWh	501 - 1000					5.80%	5.80%		
		kWh	1001 - 2000					5.80%	5.80%		
		kWh	2001 - 3000					5.80%	5.80%		
kWh	> 3000			5.80%	5.80%						
Reseller Business (Conventional)	400 V	kVA		8.10%	8.10%						
		kWh	0 - 500							8.10%	8.10%
		kWh	501 - 1000							8.10%	8.10%
		kWh	1001 - 2000							8.10%	8.10%
		kWh	2001 - 3000							8.10%	8.10%
kWh	> 3000			8.10%	8.10%						

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City of Johannesburg Council

COJ : MAYORAL COMMITTEE 2020-03-20

## CITY POWER JOHANNESBURG (SOC) LTD

## Annexure D (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
Agricultural	400 V	kVA		8.10%	8.10%			8.10%	8.10%
Domestic TOU 3 Ø	230 V	A kWh	80 Peak	8.10%	8.10%			8.10%	8.10%
			Standard					8.10%	8.10%
			Off-peak					8.10%	8.10%
Domestic TOU 1 Ø	230 V	A kWh	80 Peak	8.10%	8.10%			8.10%	8.10%
			Standard					8.10%	8.10%
			Off-peak					8.10%	8.10%
Domestic 3 Ø Seasonal	230 V	A kWh	80 0 - 500	8.10%	8.10%			8.10%	8.10%
			501 - 1000					8.10%	8.10%
			1001 - 2000					8.10%	8.10%
			2001 - 3000					8.10%	8.10%
			> 3000					8.10%	8.10%
Domestic 1 Ø Seasonal	230 V	A kWh	80 0 - 500	8.10%	8.10%			8.10%	8.10%
			501 - 1000					8.10%	8.10%
			1001 - 2000					8.10%	8.10%
			2001 - 3000					8.10%	8.10%
			> 3000					8.10%	8.10%

## 6.22

City of Johannesburg Council

COJ : MAYORAL COMMITTEE 2020-03-20

## CITY POWER JOHANNESBURG (SOC) LTD

## Annexure D (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	8.10%	8.10%				
		kWh	0 - 500					8.10%	8.10%
		kWh	501 - 1000					8.10%	8.10%
		kWh	1001 - 2000					8.10%	8.10%
		kWh	2001 - 3000					8.10%	8.10%
		kWh	> 3000	8.10%	8.10%				
Domestic 1 Ø	230 V	A	60	8.10%	8.10%				
		kWh	0 - 500					8.10%	8.10%
		kWh	501 - 1000					8.10%	8.10%
		kWh	1001 - 2000					8.10%	8.10%
		kWh	2001 - 3000					8.10%	8.10%
		kWh	> 3000	8.10%	8.10%				
Domestic 1 Ø	230 V	A	80	8.10%	8.10%				
		kWh	0 - 500					8.10%	8.10%
		kWh	501 - 1000					8.10%	8.10%
		kWh	1001 - 2000					8.10%	8.10%
		kWh	2001 - 3000					8.10%	8.10%
		kWh	> 3000	8.10%	8.10%				
Domestic Prepaid (New Structure)	230 V	kWh	0 - 300		New			New	New
		kWh	301-500						
		kWh	>500						
Reseller Domestic (Conventional)	230 V	A	80	8.10%	8.10%				
		kWh	0 - 300					New	New
		kWh	301-500						
		kWh	>500						
Robot Intersections								8.10%	8.10%
Streetlights & Billboard per Luminaire								8.10%	8.10%

Embedded Generator Tariff	Energy Charge (c/KWh)
Residential Embedded Generator	8.10%
Business & LPU Embedded Generator (<=1MW)	8.10%

City of Johannesburg Council

COJ : MAYORAL COMMITTEE 2020-03-20

**CITY POWER JOHANNESBURG (SOC) LTD**

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**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 2020.*

**STANDARD TARIFF SCHEDULE**

All electricity consumed to continue to attract a Network Surcharge 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.

All Business Prepaid customers to be charged Capacity Charge/Network charge of R400 per month per account and all Residential Prepaid customers to be charged a Capacity Charge/Network Charge of R200 per month per customer.

Continue to charge a 2% Surcharge to business and large power user customers.

**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 This tariff is not applicable to properties zoned as residential but used for business purposes

1.3 Four tariff structures are available, i.e. (i) a Prepaid tariff, (ii) a Three-Part tariff, (iii) a Three-Part Seasonal tariff, and (iv) a Three-Part 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.

City of Johannesburg Council

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**CITY POWER JOHANNESBURG (SOC) LTD**

1.4 Resellers servicing the residential market will on application qualify for a conventional residential reseller tariff, depending on their supply structure to the ultimate consumers.

1.5 Mixed use reseller customers will not qualify for the residential reseller tariff unless split metering is implemented to isolate metering of supply to residential end customers (living units) in which case the supply to the residential customers will qualify for the residential reseller tariff.

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

Item	Breaker size	Demand	Consumption block	Fixed charge	Demand charge	Energy charge
	A	kVA	kWh/month	R/month	R/kVA	c/kWh
<b>Residential Prepaid</b>						
<b>Residential Prepaid</b>						
Service charge				0.00		
Network charge				200.00		
Energy charge			0 to 300			150.72
Energy charge			300-500			172.87
Energy charge			>500			196.99

Item	Breaker size	Demand	Consumption block	Fixed charge	Demand charge	Energy charge
	A	kVA	kWh/month	R/month	R/kVA	c/kWh
<b>Conventional resellers' tariffs</b>						
Service charge				151.07		
Network charge				609.57		
Energy charge			0 to 300			127.50
Energy charge			300-500			151.14
Energy charge			>500			171.93



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City of Johannesburg Council

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**CITY POWER JOHANNESBURG (SOC) LTD**

Item	Breaker size	Demand	Consumption block	Fixed charge	Demand charge	Energy charge
	A	kVA	kWh/month	R/month	R/kVA	c/kWh
<b>Three-part Single and Three Phase Tariffs</b>						
<b>Single phase</b>						
Service charge	60			150.36		
Service charge	80			150.36		
Network charge	60			442.94		
Network charge	80			487.04		
Energy charge			0 to 500			144.94
Energy charge			501 to 1000			166.33
Energy charge			1001 to 2000			178.61
Energy charge			2001 to 3000			188.44
Energy charge			Above 3000			197.68
<b>Three phase</b>						
Service charge				150.36		
Network charge				606.73		
Energy charge			0 to 500			144.94
Energy charge			501 to 1000			166.33
Energy charge			1001 to 2000			178.61
Energy charge			2001 to 3000			188.44
Energy charge			Above 3000			197.68

City of Johannesburg Council

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**CITY POWER JOHANNESBURG (SOC) LTD**

Item	Breaker size	Demand	Consumption block	Fixed charge	Demand charge	Energy charge
	A	kVA	kWh/month	R/month	R/kVA	c/kWh
<b>Three Part Seasonal Tariffs</b>						
<b>Single phase</b>						
Service charge				150.36		
Network charge				487.04		
Energy charge (Summer: September - May)			0 to 500			137.85
Energy charge (Summer: September - May)			501 to 1000			159.25
Energy charge (Summer: September - May)			1001 to 2000			171.52
Energy charge (Summer: September - May)			2001 to 3000			181.35
Energy charge (Summer: September - May)			Above 3000			190.60
Energy charge (Winter: June - August)			0 to 500			164.46
Energy charge (Winter: June - August)			501 to 1000			185.85
Energy charge (Winter: June - August)			1001 to 2000			198.13
Energy charge (Winter: June - August)			2001 to 3000			203.94
Energy charge (Winter: June - August)			Above 3000			217.20
<b>Three phase</b>						
Service charge				150.36		
Network charge				606.73		
Energy charge (Summer: September - May)			0 to 500			137.85
Energy charge (Summer: September - May)			501 to 1000			159.25
Energy charge (Summer: September - May)			1001 to 2000			171.52
Energy charge (Summer: September - May)			2001 to 3000			181.35
Energy charge (Summer: September - May)			Above 3000			190.60
Energy charge (Winter: June - August)			0 to 500			164.46
Energy charge (Winter: June - August)			501 to 1000			185.85
Energy charge (Winter: June - August)			1001 to 2000			198.13
Energy charge (Winter: June - August)			2001 to 3000			203.94
Energy charge (Winter: June - August)			Above 3000			217.20
<b>Three-part Time of Use Tariffs</b>						
<b>Time of Use Tariff</b>						
Service charge				150.36		
Network charge Single Phase				487.04		
Network charge Three Phase				606.73		
Energy charge (Summer: PEAK)						175.74
Energy charge (Summer: STANDARD)						139.02
Energy charge (Summer: OFF-PEAK)						109.37
Energy charge (Winter: PEAK)						404.30
Energy charge (Winter: STANDARD)						165.62
Energy charge (Winter: OFF-PEAK)						116.87

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**CITY POWER JOHANNESBURG (SOC) LTD**

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1.7 Rules applicable to this category:

- 1.7.1 A consumer whose capacity exceeds 100 kVA, may on application, be charged in accordance with item 4 (Large Consumers).
- 1.7.2 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.
- 1.7.3 If a customer elects to change from the Three-Part Flat 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.
- 1.7.4 The cost to migrate between tariff options will be determined as reflected in section 6 of this document.
- 1.7.5 Everyone will be expected to take part in any of City of Johannesburg energy saving initiatives.
- 1.7.6 All individuals/customers who qualify for the Extended Social Package (ESP) will receive free electricity as approved by Social Development Department.
- 1.7.7 Customers on the Extended Social Package who are disconnected may not accumulate the allocation of free electricity during the period of disconnection.
- 1.7.8 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.
- 1.7.9 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.
- 1.7.10 Prepaid Residential customers may collect their free electricity allocations from any of the City Power vending stations.
- 1.7.11 Free allocations that are not claimed in any particular month will be forfeited and may not be carried over to subsequent months.
- 1.7.12 Body Corporates of complexes, flats, cluster developments and all other resellers are required to apply to City Power to qualify for the resellers' tariffs.
- 1.7.13 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 approval by City Power.

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- 1.7.14 Free allocations are not redeemable for cash.
- 1.7.15 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.
- 1.7.16 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.
- 1.7.17 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**

- 2.1 This tariff shall apply to property, or portions of land zoned for agricultural purposes, and used 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	Breaker	Demand	Consumption	Fixed	Demand	Energy
	A	kVA	kWh/month	R/month	R/kVA	c/kWh
<b>Agricultural tariffs</b>						
Service charge				453.19		
Network charge				609.57		
Energy charge (Summer: September - May)						169.36
Energy charge (Winter: June - August)						196.00

## **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.

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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;

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 100 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 business market will qualify for a conventional 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:

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Item	Breaker	Demand	Consumption	Fixed	Demand	Energy
	A	kVA	kWh/month	R/month	R/kVA	c/kWh
<b>Conventional Business tariffs</b>						
Service charge		< 50		453.19		
Service charge		< 100		453.19		
Network charge		< 50		434.51		
Network charge		< 100		620.92		
Energy charge (Summer: September - May)			0 to 500			214.08
Energy charge (Summer: September - May)			501 to 1000			234.97
Energy charge (Summer: September - May)			1001 to 2000			246.40
Energy charge (Summer: September - May)			2001 to 3000			255.39
Energy charge (Summer: September - May)			Above 3000			263.68
Energy charge (Winter: June - August)			0 to 500			224.11
Energy charge (Winter: June - August)			501 to 1000			243.99
Energy charge (Winter: June - August)			1001 to 2000			254.87
Energy charge (Winter: June - August)			2001 to 3000			263.44
Energy charge (Winter: June - August)			Above 3000			271.32
<b>Prepaid Business tariffs</b>						
Network charge				400.00		
Prepaid energy charge			0 to 500			221.87
Prepaid energy charge			501 to 1000			242.95
Prepaid energy charge			1001 to 2000			254.49
Prepaid energy charge			2001 to 3000			263.57
Prepaid energy charge			Above 3000			271.93
Item	Breaker	Demand	Consumption	Fixed	Demand	Energy
	A	kVA	kWh/month	R/month	R/kVA	c/kWh
<b>Conventional Resellers' Tariffs</b>						
Service charge				453.19		
Network charge				434.51		
Energy charge (Summer: September - May)			0 to 500			200.33
Energy charge (Summer: September - May)			501 to 1000			220.47
Energy charge (Summer: September - May)			1001 to 2000			231.50
Energy charge (Summer: September - May)			2001 to 3000			240.16
Energy charge (Summer: September - May)			Above 3000			248.15
Energy charge (Winter: June - August)			0 to 500			210.99
Energy charge (Winter: June - August)			501 to 1000			230.09
Energy charge (Winter: June - August)			1001 to 2000			240.54
Energy charge (Winter: June - August)			2001 to 3000			248.76
Energy charge (Winter: June - August)			Above 3000			256.34
Traffic intersections						282.55
Streetlights and billboards per luminaire						316.74

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Rules applicable to this category:

- 3.6.1 Due to capacity constraints everyone may 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 apply to 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 approval by City Power.

**4. LARGE CONSUMERS**

- 4.1 This tariff shall be applicable to Business consumers with supply capacities exceeding 100 kVA and shall, on application, be available to all qualifying 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:
- 4.3 Consumption of electricity shall be charged as follows:

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Item	Breaker size	Demand	Consumption block	Fixed charge	Demand charge	Energy charge
	A	kVA	kWh/month	R/month	R/kVA	c/kWh
<b>Three Part Tariff: LPU - low voltage</b>						
Service charge				755.31		
Network charge				1 153.43		
Demand charge (Summer: September - May)					228.81	
Demand charge (Winter: June - August)					228.81	
Energy charge (Summer: September - May)						153.15
Energy charge (Winter: June - August)						179.38
<b>Three Part Tariff: LPU - medium voltage</b>						
Service charge				906.37		
Network charge				4 894.47		
Demand charge (Summer: September - May)					213.87	
Demand charge (Winter: June - August)					213.87	
Energy charge (Summer: September - May)						142.97
Energy charge (Winter: June - August)						169.21
<b>Large consumer tariffs</b>						
Reactive energy						24.00

**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 The highest measured 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.

4.4.4 Voltage categories will be applied as follows:

4.4.4.1 Low Voltage:  $\leq 1000$  V

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

4.4.4.3 High Voltage:  $> 33\ 000$  V



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4.4.5 The summer rate will be applicable from September to May - both months inclusive. This amounts to a 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 as set by City Power.

5.2 The tariff is suitable for Large Consumers 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, as well as other qualifying criteria as may be set by City Power,

5.3 Consumption of electricity shall be charged as follows:

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Item	Breaker size	Demand	Consumption block	Fixed charge	Demand charge	Energy charge
	A	kVA	kWh/month	R/month	R/kVA	c/kWh
<b>Three Part TOU Tariff- low voltage</b>						
Service charge				1 208.49		
Network charge				1 080.44		
Demand charge (Summer: September - May)					228.83	
Demand charge (Winter: June - August)					228.83	
Energy charge (Summer: PEAK)						172.52
Energy charge (Summer: STANDARD)						129.89
Energy charge (Summer: OFF-PEAK)						99.85
Energy charge (Winter: PEAK)						410.53
Energy charge (Winter: STANDARD)						156.75
Energy charge (Winter: OFF-PEAK)						107.40
<b>Three Part TOU Tariff- medium voltage</b>						
Service charge				1 661.68		
Network charge				4 621.47		
Demand charge (Summer: September - May)					213.87	
Demand charge (Winter: June - August)					213.87	
Energy charge (Summer: PEAK)						172.52
Energy charge (Summer: STANDARD)						129.89
Energy charge (Summer: OFF-PEAK)						99.85
Energy charge (Winter: PEAK)						410.53
Energy charge (Winter: STANDARD)						156.75
Energy charge (Winter: OFF-PEAK)						107.40
<b>Three Part TOU Tariff- high voltage</b>						
Service charge				1 675.71		
Network charge				21 679.11		
Demand charge (Summer: September - May)					198.89	
Demand charge (Winter: June - August)					198.89	
Energy charge (Summer: PEAK)						172.52
Energy charge (Summer: STANDARD)						129.89
Energy charge (Summer: OFF-PEAK)						99.85
Energy charge (Winter: PEAK)						410.53
Energy charge (Winter: STANDARD)						156.75
Energy charge (Winter: OFF-PEAK)						107.40
<b>Large consumer tariffs</b>						
Reactive energy						24.00

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Minimum Demand Charge Determination.

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

- 5.3.1.1 The measured demand, or;
- 5.3.1.2 A demand of 70 kVA, or;
- 5.3.1.3 The highest measured demand recorded over the preceding 12 months.

5.4 Rules applicable to this item:

5.4.1 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.

5.4.3 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.

5.4.4 Voltage categories will be applied as follows:

- 5.4.4.1 Low Voltage:  $\leq 1000$  V
- 5.4.4.2 Medium Voltage:  $> 1000$  V and  $\leq 33\ 000$  V
- 5.4.4.3 High Voltage:  $> 33\ 000$  V

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

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

5.4.7 All tariff changes will be on request and will only be effected after the necessary approval has been granted to qualifying applicants only.

5.4.8 The TOU periods are defined as follows:

5.4.8.1 Weekdays:

- 5.4.8.1.1 Peak: 07h00-10h00 and 18h00-20h00
- 5.4.8.1.2 Standard: 06h00-7h00, 10h00-18h00 and 20h00-22h00
- 5.4.8.1.3 Off-Peak: 12h00-06h00

5.4.8.1.4 Saturdays:

- 5.4.8.1.4.1 Peak: None
- 5.4.8.1.4.2 Standard: 07h00-12h00 and 18h00-20h00
- 5.4.8.1.4.3 Off-Peak: 12h00-18h00 and 20h00-07h00

5.4.8.1.5 Sundays:

- 5.4.8.1.5.1 All hours are Off-Peak

5.4.8.1.5.2 Public Holidays

- 5.4.8.1.5.2.1 Peak: None
- 5.4.8.1.5.2.2 Standard: 07h00-12h00 and 18h00-20h00
- 5.4.8.1.5.2.3 Off-Peak: 12h00-18h00 and 20h00-07h00

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### 6 EMBEDDED GENERATION TARIFF

Embedded Generator Tariff	Energy Charge (c/KWh)
Residential Embedded Generator	57.34
Business & LPU Embedded Generator (<=1MW)	48.41

#### EMBEDDED GENERATOR MINIMUM CONDITIONS

- 7.1 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.
- 7.2 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).
- 7.3 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.
- 7.4 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.
- 7.5 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.
- 7.6 Embedded generators that are at any time capable of feeding energy back into the grid will require meters with bidirectional metering capability.
- 7.7 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.
- 7.8 Embedded generation tariff is only applicable to maximum generation capacity of 1MW