

Dear ERASA Members

**Re: NERSA MEETING 15<sup>TH</sup> JANUARY – RESELLERS TARIFFS**

This letter serves to update members on a meeting that was held between the ERASA sub-committee dealing with NERSA on the topic of resellers tariffs as was instructed at the AGM held on 30<sup>th</sup> September 2014. More specifically, the Resellers tariffs that were introduced by City of Johannesburg (Domestic Resellers tariff) and Tshwane (Non-domestic Resellers tariff) on 1<sup>st</sup> July 2014.

**Attendance**

NERSA: Mbulelo Ncetezo (Executive Manager)  
Nomalungelo Simelane (Senior Financial Analyst, Electricity Regulatory Reform)  
Ronald Chauke (Head of Department – Electricity Regulatory Reform)

ERASA Byron Taylor (ERASA Chairman – Protea Metering)  
Johan Hopley (ERASA Committee Member – Impact Meters)  
Stephan Dolk (ERASA Committee Member – Motla Metering)=

The meeting was chaired by Executive Manager of NERSA, Mr ? Business was opened by the chairman with a request for ERASA to open business since they had called for the meeting. ERASA chairman (Byron Taylor) proceeded and mention made of the instruction given to the committee at the last AGM to address the problem of recent Reseller tariff implementations at Tshwane and CoJ.

- ERASA tabled concerns about the process of arriving at the Reseller tariffs as well as the calculation of the tariffs. Further that the tariffs were not cost reflective. The provisions of NRS 058 which deal with tariff calculations was mentioned. Specific mention was made of the CoJ domestic Resellers tariff implemented on 1<sup>st</sup> July 2014 and Tshwane non-domestic tariff implemented on same date. Both of these tariffs were not economically viable or sustainable. Johan Hopley added that Cot changed their Non domestic tariff structure and removed the 20 and 40 amp circuit breakers

That all clients that has a circuit breaker below 60amp are charged for a 60 amp Single and three phase connections. They then looked at resellers and noticed the profit margin will increase when reselling electricity to clients. We believe that this is the reason for this inclusion of the non-domestic reseller's tariff.

- NERSA stated that it was policy that tariffs should be cost reflective and further that the licensees (CoJ and Tshwane) informed NERSA that they had gone through the proper consultation process in arriving at the new tariffs. NERSA further confirmed that Resellers tariffs should be cost reflective.
- ERASA representatives denied that any of their members had been consulted in any way prior to implementation of these tariffs.
- NERSA informed that these new Reseller Tariffs were in the developmental phase and were not "cast in stone". They are interim tariffs. NERSA suggested that ERASA consult with the licensees directly on the matter before implementation of 2015 tariffs with a view to getting the tariffs revised.
- NERSA further undertook to be more pro-active when approving these tariffs for the 2015 year, but added that it was not an easy task since they have 187 licensees' tariffs to approve and that these tariffs were usually only submitted a month before approval.
- NERSA asked for more input from the Resellers regarding requested information which they require in helping them to calculate tariffs. The information requested at the end of 2014 was not provided from many of the companies from which it was requested and further that much of the information received from those who did supply the information was inadequate.
- NERSA further requested a list of members from ERASA.
- ERASA undertook to consult with the Licensees (CoJ and Tshwane) as soon as was possible on the issue of Reseller Tariffs.

The meeting was closed at 12h45.