

FISH HOEK VALLEY RATEPAYERS & RESIDENTS ASSOCIATION

(Incorporating Fish Hoek, Clovelly and Sun Valley)

~~Central Circle, Fish Hoek 7975~~

Web: <https://www.fhvrra.org.za/>

Facebook: www.facebook.com/FHVRRRA/

Heritage Western Cape: Conservation Body

TO: NATIONAL ENERGY REGULATOR SOUTH AFRICA (NERSA)
mypd@nersa.org.za

**SUBJECT: COMMENTS ON THE ESKOM'S FIFTH MULTI YEAR PRICE
DETERMINATION (MYPD5) APPLICATION FOR THE 2022/23, 2023/24 AND
2024/25 FINANCIAL YEARS**

DUE DATE: 14 JANUARY 2022 AT 16:00

The Fish Hoek Valley Ratepayers and Residents Association hereby objects to the Eskom application for an electricity price increase of 20.5% for Financial Year 2023, which commences on 01 April 2022 ¹. The application of the MYPDM should incentivise cost savings and efficient and prudent procurement by the licensee (Eskom). We have seen no evidence of this.

Eskom has failed in its obligation to meaningfully split the utility into the three units of generation, transmission and distribution as announced in 2019. The City of Cape Town wishes to be able to establish a purchase agreement for renewable, greener electricity directly from sustainable producers "promoting competitiveness and customer and end user choice" ², but needs the split with suitable tariff structure for "transporting" the electricity from the City's Independent Power Producers (IPP) to Cape Town. This will assist Eskom by not having to supply Cape Town with expensive energy from open cycle gas turbines.

Fourteen years of load shedding to date and still counting for at least another three to five years is not seen as "achieving...sustainable development of electricity supply". The lack of reliable electricity supply, something that is very illusive to Eskom, is hurting our economy, forcing the closure of point-of-sale and local manufacturing, which is not "safeguarding the needs of customers" nor "facilitating investment".

Part of Eskom's high cost of capital is due to weak debt collection from municipalities. The rest of South Africa through government support, mustn't have to pay for weaknesses in Eskom's management. Users should only have to pay for what they consume.

Eskom's operating costs are too high compared with better run energy businesses. Green IPP can generate electricity more cheaply than coal and nuclear power plants. That Eskom can't get better bulk price points again to poor management practices, such as tenders / contracts.

Eskom has still not stemmed the tide of fraud and corruption. The useful utilisation of Eskom's fleet has not exceeded 62% over the past year. The averaging of generation costs across the entire Eskom fleet "hides" inefficiencies, procurement malfeasance and

¹ <https://www.eskom.co.za/about-eskom/nersa/>

² ESKOM'S FIFTH MULTI-YEAR PRICE DETERMINATION REVENUE APPLICATION FOR 2023 TO 2025
FINANCIAL YEARS CONSULTATION PAPER Annexure C Section 2.2

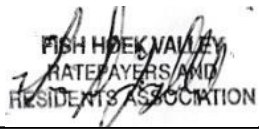
debt allocation from scrutiny. Trust has been broken.

Although the announcement by Eskom that it had made a R9.2billion profit between 1 April and 30 September 2021 initially seemed positive, it sounded hollow after its outlook for the rest of the year stated that it expected this to swing into a R9.1billion loss.

SUMMARY

In conclusion, the Fish Hoek Valley Ratepayers and Residents Association:

- objects to the Eskom application for an electricity price increase of 20.5% for Financial Year 2023; and
- seeks for Eskom to honour its obligation to meaningfully split the utility into the three units of generation, transmission and distribution as announced in 2019.

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DATE	21 December 2021