

Press Release: NERSA Tariff Hearings, Civil Society Slams Eskom's Proposed Hikes
Earthlife Africa Jhb, Anti-Privitisation Forum
22nd May 2008

The National Energy Regulator of South Africa (NERSA) will hold a public hearing on Friday (23/05/08) on the proposed Eskom tariff increases. These hearings will be Unisa, Muckleneuk Ridge Conference Centre, 10am. Earthlife Africa Jhb and the Anti-Privitisation Forum will be there, as will 200 community members from Soweto and Soshanguve, demonstrating against Eskom's unwise, ill-timed and anti-poor price increases.

The case against Eskom's proposed tariff increases has a few key components: First, the tariff increases do not adequately protect poor consumers and will bring new hardships to communities already struggling for mere survival. This could be avoided through the implementation of a step-block tariff and an increase of the Free Basic Allocation to 100kWh per person per month.

The second main reason to reject Eskom's tariff increases is the unwise financial planning that structures the increases. By committing itself to a new build programme of coal and uranium power sources, Eskom is effectively locking the entire country into a fossil fuel economy for the next fifty years. Within ten to fifteen years, the costs of solar and wind generation per kWh produced will be below that of coal and uranium, mostly due to the long-term rise of coal, uranium, gas and petroleum stocks. These fossil fuel commodities are finite, dwindling, and increasingly in demand. The long-term price of these fuels will rise significantly.

The third reason is that Eskom has failed to show any meaningful commitment to cost-cutting measures; the ten million rands in bonuses to top management (who have managed to get coal stockpiles horribly mixed up, invested money in financial instruments instead of maintenance, and have cost the country billions through some bizarrely-timed blackouts) would be a great place to start.

The final reason is that the Developmental Electricity Pricing Programme (DEPP) and the related Alcan contract remain on the books. It is economically unsound, socially evil, and environmentally ill-conceived to provide power subsidies to a foreign corporation with minimal job creation while raising prices on the rest of South African society. In effect, why should South African citizens and small businesses have major price increases while foreign corporations are guaranteed profits through artificially low prices?

For a copy of the written submission, please go to:

<http://www.earthlife.org.za/Files/SENSE%2050%20May%202008.pdf>

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