



SOUTH AFRICAN LOCAL
GOVERNMENT ASSOCIATION

SALGA

Inspiring service delivery



**Did you
know:**

**Fact Sheet on
Electricity and Energy**

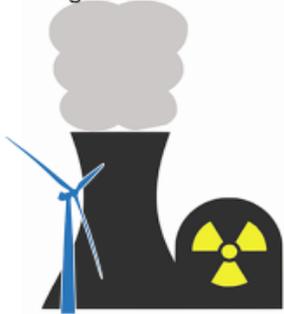




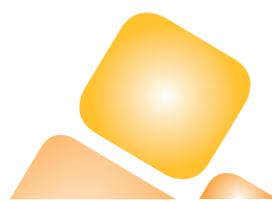
Did you know ?



Electricity Industry Structure

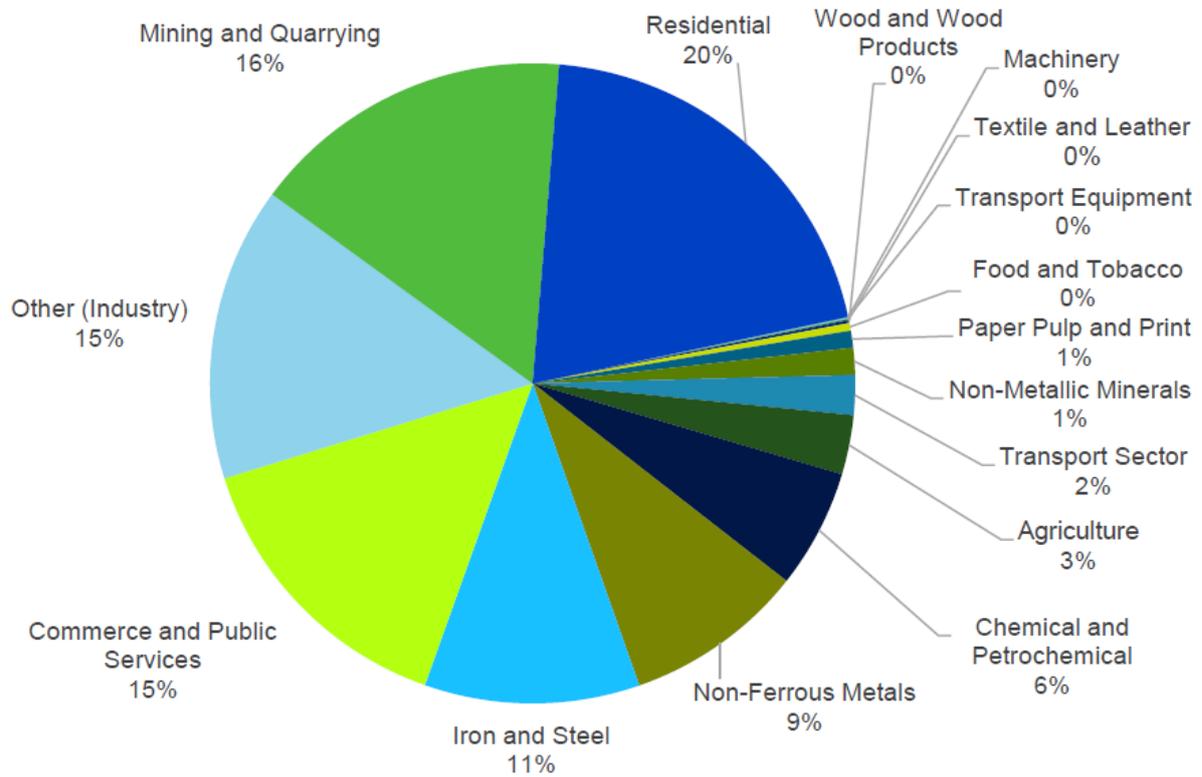
	Generation	Transmission	Distribution
Actors	Eskom, IPPs, NERSA, Municipalities	Eskom, NERSA	NERSA, Municipalities, Eskom, Private Distributors
Law	Electricity Act, Electricity Regulation Act, National Energy Act, Bylaws	Electricity Act, Electricity Regulation Act	Constitution, Structures Act, Systems Act, MFMA, Electricity Regulation Act, Bylaws
Policy	Energy White Paper, Renewable Energy White Paper, Integrated Energy Plan, Integrated Resource Plan	Policy to Support Energy, Efficiency and Demand Side Management	National Electrification Programme, Free Basic Electricity Policy, Free Basic Alternative Energy Policy, Non-Grid Electrification Policy, Policy to Support Energy Efficiency and Demand Side Management
			

Electricity Consumption by Sector in South Africa as at 2014





Did you know ?

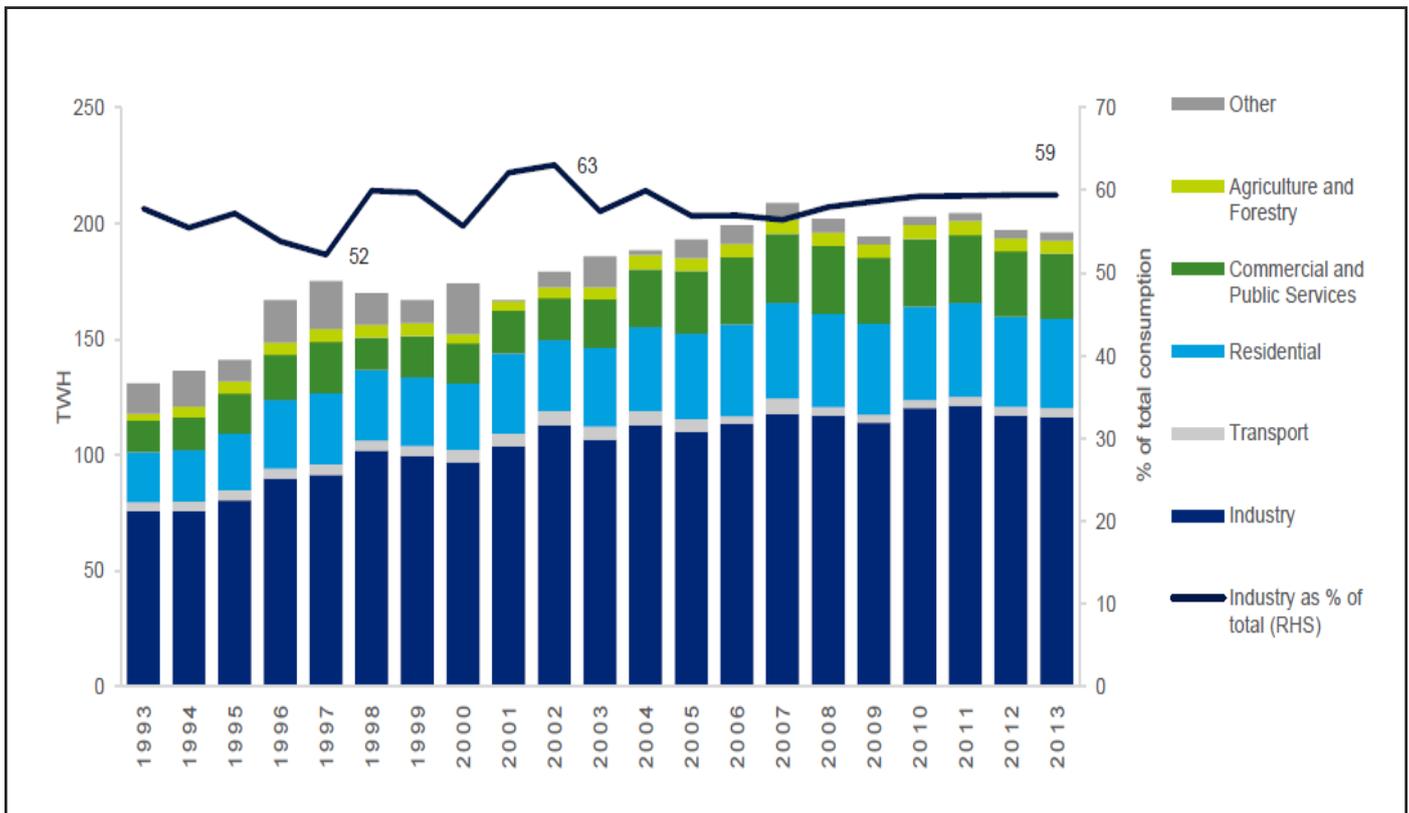


Trend of Electricity Consumption by Customer Category as at 2013





Did you know ?



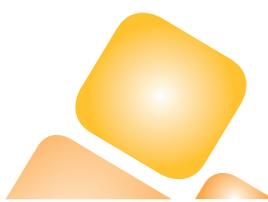
Did you know: The Department of Energy is responsible for policy making in the energy space of South Africa? Also that the Integrated National Electrification Programme and Energy Efficiency Demand Side Management Programme are administered by this department?

Did you know: National Energy Regulator of South Africa (NERSA) was the regulatory authority that presided over the electricity supply industry (ESI) in South Africa. In November 2005, the National Energy Regulator of South Africa (NERSA) replaced the NER.

Did you know: Section 156 of Constitution of the Republic of South Africa grants the municipalities an executive authority over the matters of Electricity Reticulations

Did you know: About 165 municipalities have electricity distribution licenses? NERSA has issued 177 distribution licenses to municipalities, given the changes in municipal demarcation, NERSA is now in the process of consolidating the licenses.

Did you know: Since the establishment of Eskom's earliest predecessor, the ESC in 1923, the electricity supply industry has always been dominated by a single state-owned and vertically-integrated monopoly?





Did you know ?



Did you know: Municipalities distribute about 40% of the electricity in South Africa to 60% of the customers? Municipalities are Eskom's single biggest customers. Eskom distributes the remaining 60% directly to the end users such as big industries. Although Eskom's distribution share is larger, municipalities distribute to more customers. Eskom distributes to a smaller number of bigger customers.

Did you know: 42% of the electricity generated by Eskom in 2015/16 was rerouted through municipalities? Also that there are customers, however, that Eskom services directly, such as industry (23%), mines (14%), residential areas not serviced by municipalities (6%), neighbouring countries (6%), and other users (9%)

Did you know: Trading electricity is big business for local government. South Africa's 257 municipalities earned just over a quarter of their total income (R22,5 billion) from selling power in the first quarter of 2017. With R15,7 billion spent to purchase the electricity from Eskom, municipalities were left with a R7 billion surplus, precious additional money that can be used to fund other municipal activities.

Did you know: In 2003, Cabinet approved private-sector participation in the electricity industry and decided that future power generation capacity will be divided between Eskom (70 percent) and independent power producers, or IPPs (30 percent).

Did you know: The revenue from electricity sales made up 28.3% of municipal revenue (2016) in 2016? Electricity purchases was the second largest contributor to municipal spending at 21% of total expenditure.

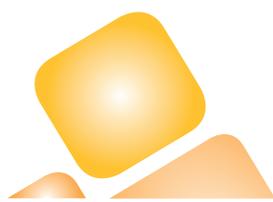
Did you know: Between 2008 and 2013 NERSA approved several sharp increases in annual tariffs and electricity prices more than doubled in real terms (inflation-adjusted) rising by a cumulative 114%?

Did you know: In the last ten years, Eskom's average electricity tariff has increased by 356% (2007-2017)?

Did you know: By maintaining artificially low tariffs, the South African government has effectively continued to subsidise the cost of electricity?

Did you know: The energy sector was responsible for about 80% of the South Africa greenhouse gases emissions in 2010? Generation of Electricity being more than 50% contributor as it is coal intensive.

Did you know: More than 80% of municipalities mentioned sustainable energy and/or climate change as a priority in their Integrated Development Plans (IDP) (2017)? In their IDPs, 2 out of 3 municipalities have planned at least one sustainable energy and/or climate change projects.





Did you know ?



Did you know: Around 35% of the municipal own electricity consumption is used by municipal water and wastewater facilities?

Did you know: 18 cities and towns are home to half (52%) of South Africa's population, but occupy only 4.5% of the country's land area.? They account for over a third (37%) of national energy consumption and nearly half (46%) of national electricity consumption. They produce approximately 70% of the country's economic wealth.

Did you know: Electricity generation systems below 1 MW (1000kW) under certain circumstances, do not need an electricity generation license and only need to register with NERSA?

Did you know: At least 34 municipalities allow their customers to have their own electricity generation systems such as solar panels on their roofs, and to connect them to the electricity grid? To date, 18 municipalities have NERSA-approved embedded generation tariffs and can thus compensate the customers for the electricity that they feed back into the electricity grid. (October 2017)

Did you know: The Renewable Energy Independent Power Producer Programme has attracted more than R200 billion in investment since its inception? It has also created almost 30 000 job years for South African citizens and R20.5bill in Socio-Economic Development contributions.

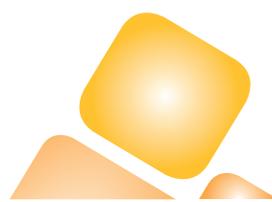
Did you know: Currently 86.11% of households are electrified across the country (Department of Energy, 2017), an improvement from 70% in 2001.

Did you know: In 2013, the Department of Energy estimated that 43% of South Africans are energy-poor as they spend more than 10% of their income on energy? Many households in the lowest Living Standard Measure (LSM) group can spend over 25% of their income on energy sources.

Did you know: The Free Basic Electricity Policy (2003) set the allocation of free basic electricity allocation at 50kWh per month for poor households? Municipalities can increase this allocation using their own budget.

Did you know: In March 2018, the collective debt owed to municipalities for all services was a whopping R130 billion? Of this amount, 5% is owed by government itself. Municipalities currently owe Eskom just over R13billion.

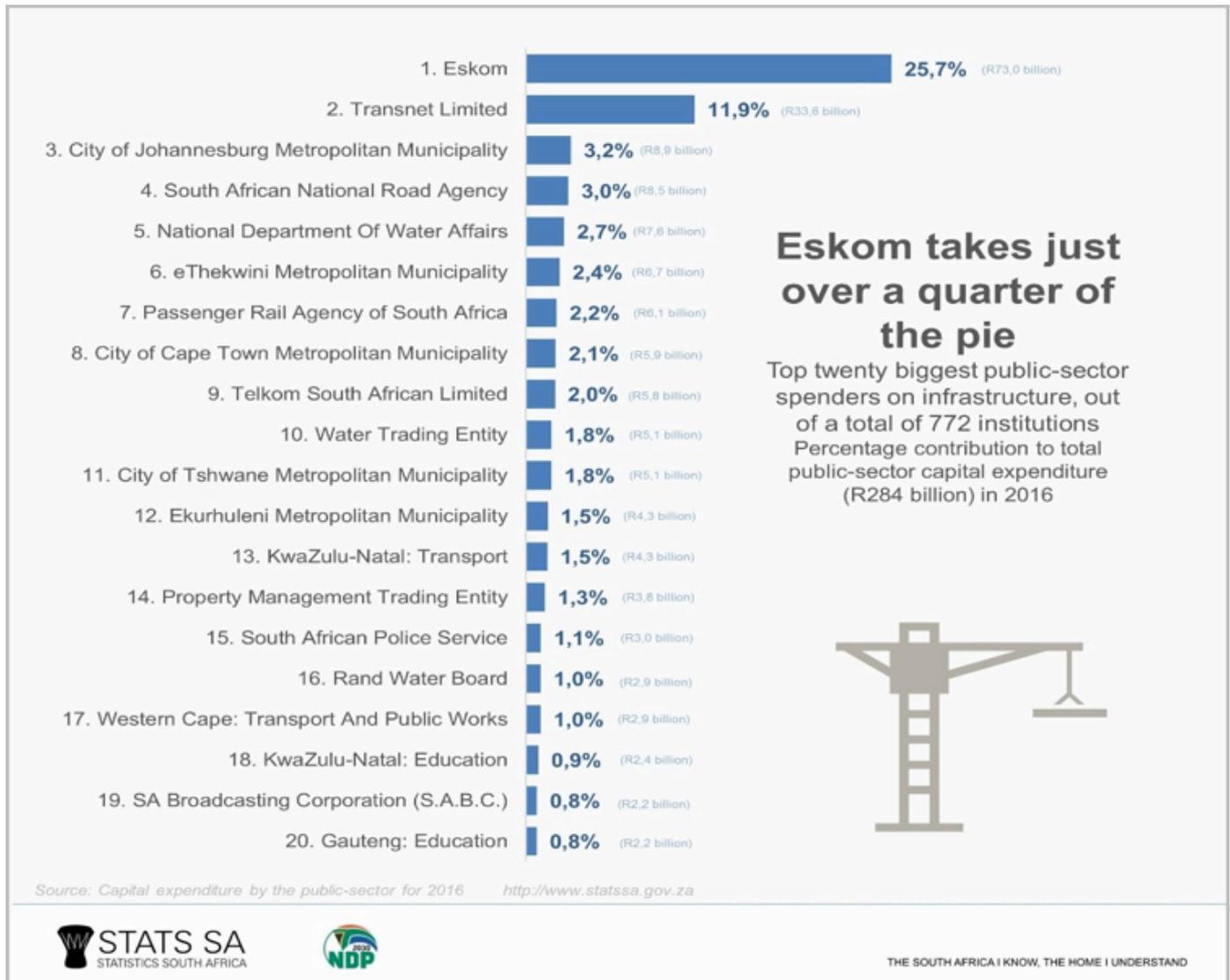
Did you know: The electricity distribution infrastructure maintenance backlog currently sits around R70bn? This amount is almost equally split between Eskom and municipalities.



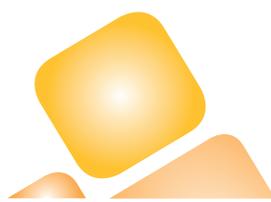
Did you know ?



Did you know: The Electricity Infrastructure dominates the capital spending in South African, public-sector capital expenditure has risen from a total of R203 billion in 2012 to R284 billion in 2016; an average rise of 8,7% per year. Over R1,2 trillion was spent during this five-year period.



Did you know: 85% of the costs related to conventional street lighting are linked to electricity and maintenance costs and to initial capital cost (15% of total costs)? By replacing traditional light bulbs with LED, 70% of the electricity costs can be saved.





Did you know ?



Did you know: Notified Maximum Demand is the capacity you contract with Eskom on your bulk supply and if you do not manage your demand or plan accordingly you may exceed this contracted capacity and get penalised for 12 months if exceeded more than once

Did you know: Through SALGA Inter-Governmental Relations (IGR) engagements on municipal debts to Eskom that Eskom has agreed to reduce the interests on overdue amounts from prime plus 5% to prime plus 2.5%, also to rationalise the bulk tariffs from 11 to 3 structures, review the Notified Maximum Demand Policy and also the align the payment period with that of municipalities and start charging interest only after 30 days as opposed to its 15 days.

Did you know: Eskom and Municipal tariffs are regulated differently with two difference regulatory frameworks?

Did you know: NERSA granted Eskom 5.23% tariff increase instead of 19.9% applied for and a major part of this NERSA decision is based on the detailed assessment and findings by SALGA around costs that were not prudent in the Eskom application?

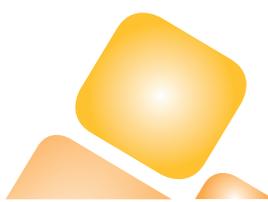
Did you know: The price elasticity of electricity demand in South Africa for industrial consumers is estimated at between -0.5 and -0.2 for the 5-year period post 2007 when real prices were rising sharply at Eskom?

Did you know: Electricity sales fell at an average rate of -0.3% y/y over the first three years of the 5-year MYPD3 period (from 2013/14 to 2017/18) - much lower than the annual growth of 1.8% than Eskom anticipated when it submitted its tariff application in 2011.

Did you know: Illegal Connections cost the South African economy over R6 billion every year

Did you know: The Criminal Law Amendment Act has now criminalised the infrastructure vandalism and theft and a person can be jailed up to 15 years for this crime

Did you know: The Smart Prepaid Meters have assisted a large number of municipalities to reduce their losses to less than 10%





Did you know ?



Social Media



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