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FROM : HEAD: ENERGY AND ELECTRICITY DISTRIBUTION

TO : EXECUTIVE DIRECTORS / HEADS / MANAGERS / DIRECTORS: ENERGY AND ELECTRICITY & DIRECTORS AND MANAGERS: FINANCIAL MANAGEMENT / REVENUE MANAGEMENT

DATE : 09 DECEMBER 2022

ESTABLISHMENT OF MUNICIPAL BILLING/ENERGY DATA PORTAL

1. OBJECTIVE OF THE CIRCULAR

To inform the municipalities about the SALGA's billing/energy data portal project and request consent for Eskom to release the municipal billing/energy data portal to SALGA for establishing the portal

2. Background

The development of a Cost of Supply (COS) study is pre-requisite to the approval of structural tariff changes. An essential component of tariff design is an understanding of the costs associated delivering the service (energy, network). National Energy Regulator of South Africa (NERSA) has found that few municipalities have successfully been able to conduct these COS studies, either due to a lack of resources or expertise. Moreover, there is often limited knowledge of these costs, and consequently the municipal annual update of tariffs is not informed by true costs.

Besides, the Electricity Pricing Policy requires that the municipal distributors conduct a COS study every 5 years, or when a substantial tariff change is required. This is particularly problematic in instances where the revenue that is recovered is insufficient to meet all associated costs. NERSA is enforcing this requirement by moving away from benchmarks to cost-based pricing as per the NERSA Tariff Guideline Paper 2022/23. COS studies will need to underpin this. Therefore, there is data required for conducting COS studies, notably Eskom energy purchases, network information amongst others.



The current energy crisis and the urgency to limit global warming below 2 degrees Celsius necessitate municipalities to improve their energy management, and possibly reduce their energy usage. Municipalities are faced with rising electricity costs and debt, that impact on service delivery and their ability to transition. Many municipalities lack the capacity and resources to monitor energy consumption and identify measures to reduce electricity costs and carbon emissions. The importance of energy efficiency as the 'first fuel' to consider in energy transition, is outlined in Government policies and strategies, such as the transition frameworks and the National Energy Efficiency Strategy (NEES). Thus, municipalities are being supported to establish the Energy Management System (EMS) including the consolidation of energy consumption registers and the development of a baseline and the identification of energy efficiency opportunities. Therefore, municipalities need electricity data to establish the EMS.

3. Problem statement

Municipalities need to develop detailed cost of supply studies to inform their electricity pricing. Furthermore, municipalities are also needing to operate energy efficiently themselves. In order to undertake both these initiatives, municipalities need access to data on electricity purchases from their supplying utilities *i.e.*, Eskom. Currently, Eskom provides invoices to municipality and billing data in PDF format which is challenging for data analyses. As such, municipalities require an online web portal where they can access their itemized Eskom account bills with consumption data in a usable (e.g., Excel) format. A data portal that interfaces with Eskom's database is proposed to allow municipalities to access their historical and up to date account data. This data portal would be hosted by the South African Local Government Association (SALGA).

4. Discussion

As part of the GIZ-funded South Africa-Germany Energy Programme (SAGEN), SALGA together with stakeholder is assisting municipalities to operate efficiently, both technically and financially to ensure business sustainability by supporting municipalities with electricity cost of supply studies, as well as managing their own electricity use in the municipal facilities (buildings, wastewater treatment works, streetlights, etc.) through establishment of MEMS.

Thus, SALGA with its stakeholders seeks to establish the municipal billing/energy data portal, this will be an online web portal where municipalities will have access their Eskom account data in Excel format. The current billing database of all municipalities' accounts will need to be accessed and filtered with municipal customer data only to interface with the Eskom-municipal account online portal that is to be built, as illustrated in figure 1. The municipal energy portal will provide the data required for conducting COS studies by the municipalities. Moreover, the portal will provide electricity data to establish the MEMS.



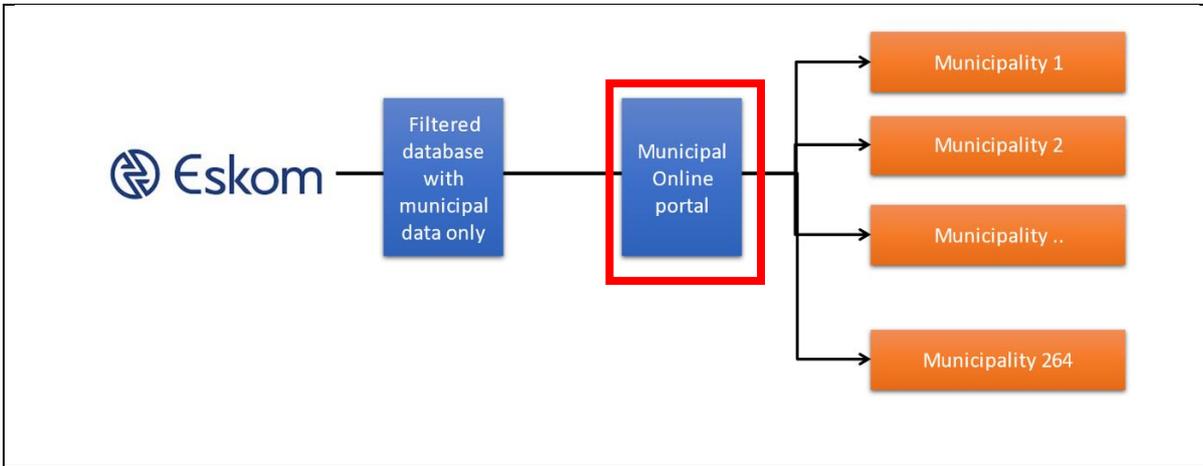


Figure 1: Eskom-municipal account online portal

Consequently, SALGA needs the municipal energy/billing data from Eskom, the process of entering into a Non-Disclosure Agreement (NDA) between these parties is underway. Moreover, Eskom requires that municipalities give consent that their billing data be released to SALGA for the sole purpose of establishing the municipal energy data portal. It is from this background that SALGA wishes to offer an opportunity to the municipalities that are objecting that Eskom release their energy/billing data to SALGA to express their objection in writing by 27 January 2023. The objection should be submitted to smulaudzi@salga.org.za

Should you have any queries or need more information please do not hesitate to contact Mr Nhlanhla Ngidi and Dr Silas Mulaudzi at nngidi@salga.org.za and smulaudzi@salga.org.za or 083 499 1999 and 078 434 3190

Yours faithfully,

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