



1 December 2021

MEDIA STATEMENT

NERSA APPROVES PRINCIPLES TO BE USED WHEN DETERMINING PRICES WITHIN THE ELECTRICITY SUPPLY INDUSTRY

The National Energy Regulator of South Africa (NERSA) announced today that the Energy Regulator, at its meeting held on Thursday, 25 November 2021, has approved the principles to be used when determining prices within the Electricity Supply Industry (ESI).

The approved principles to be used when determining prices within the electricity supply industry are as follows:

- (a) Unbundling of activities across the value chain (Activity-Based Costing)
- (b) Unbundling of services within each activity (Differentiated Load Profiles)
- (c) Using merit order dispatch approach (least cost first determination to set tariffs for each type of load).

The approved principles mentioned above will be included in the Multi-Year Price Determination Methodology (MYPDM) to be used by licensees when applying for the 2023/24 tariffs and beyond. The Energy Regulator further approved the partial implementation of the principles to allow licensees to move to full implementation gradually.

The following strategic objectives have been considered when developing the approved principles:

- (a) Achieve stable electricity prices for the Electricity Industry
- (b) Achieve a stable electricity system for the Electricity Industry that supports Eskom's sustainability
- (c) Improved systems and tools.

Regulator Members:

Mr SS Mokoena (Chairperson) *Adv NP Sithole (Chief Executive Officer)
*Mr N Gumede *Ms N Maseti *Mr MW Mkhize Ms Z Mpungose Mr FK Sibanda
*Full-Time Regulator Members

The Reasons for Decision (RfD) document will be published in due course.

End.

Enquiries:

Mr Charles Hlebela

Head of Department: Communication and Stakeholder Management

Tel: 012 401 4600

Fax: 012 401 4700

Cell: 083 646 8280

Email: charles.hlebela@nersa.org.za