

PRESENTATION TO THE NATIONAL ENERGY REGULATOR OF SOUTH AFRICA (NERSA)

BY PATRICK MKHIZE

SECRETARY OF THE WENTWORTH DEVELOPMENT FORUM (WDF)

BACKGROUND

Eskom is asking to hike electricity tariffs by 19.9% with effect from 1 March and for municipalities who pay increased rates, from 1 July. The hike is not equal for all Eskom customers. Municipalities will pay 27.5% more while industry pays 19.9%. The flimsy excuse advanced by Eskom for the higher increases for municipalities is that the financial years are not aligned and that it must recover in 9 months what it would recover in 12 months. Eskom also says that it needs a higher price per kWh to compensate for reduced sales and that this makes for 9.4% of the 19.9% increase.

Whilst industries who are major consumers pay low tariffs for electricity, the home owners and residents in general who consume far less pay far more. NERSA's role inter alia includes issuing license to the national grid operator (Eskom) and distributors and also sets tariffs i.e. what they can charge their customers for electricity. In simple terms, NERSA has power to grant or decline granting permission to Eskom to increase tariffs.

We are now accustomed to Eskom asking for tariff increases on yearly basis and NERSA obliging. However, it has emerged that the most corrupt SOE in this country is Eskom and others follow as they are all captured. The Brian Molefe saga exposed Eskom for what it is, which is a captured State Owned Enterprise. It is only at Eskom that a CEO who has been in such a position for only 18 months yet be given a golden handshake of R30million for corruption disguised as pension pay out. It is only at Eskom that a CEO can purport to resign and go straight to parliament in anticipation of being rewarded with a position of a finance minister and when that does not happen, after a month of having been a sworn member of parliament dumps parliament and walk back to his former CEO position toy-toying and chanting a papa action song in full view of the nation through national television. Indeed this SOE is fully

captured and is in the wrong hands and no longer works for the general population of our people.

On the choice of energy, we have over the past years condemned the choice of energy that Eskom generates. We have always advocated for renewable energy which we understand why Eskom is shying away from and NERSA as a regulator is also guilty as an accomplice to the crimes committed by Eskom on our people. Resisting renewable energy generation by Eskom is consistent with the high levels of corruption in Eskom. Corruption is spread all over like a bad rash in Eskom as it is found in the coal mining sector which supplies Eskom with the coal which is used to generate energy and the media has written extensively on this. The transportation of coal from the mines to Eskom plants is also not spared in the corrupt activities yet the public is once again requested to cough out more money in order to allow the corrupt activities at Eskom to flourish. Whether the old board of directors in Eskom is out or in is immaterial as long as there is no full scale investigation of the extent of the damage caused by the rot at Eskom which we believe the Brian Molefe debacle was just a tip of the iceberg.

We wish to submit that Eskom must not be granted the increase not even of 0.005% up until a proper criminal investigation into internal practices of former and current board members is conducted. A prima facie case exists to justify a thorough forensic audit which should be conducted simultaneously with a criminal investigation which will either exonerates good doers or incriminates wrong doers at Eskom and that will give assurance to the population that any tariffs increases are genuine, justified and are safe from being embezzled by the hyenas and state mafias. As the adage goes *"the rot of a fish starts from the head"*. South Africa is known globally of being a country corrupt to the core, run by a corrupt president with his corrupt family and friends who have mortgaged the country to the Guptas. It will be travesty of justice to allow Eskom Tariffs increase while there is an inquiry in progress. The inquiry into state capture in parliament has revealed a lot as a witness has claimed that Trillian CEO knew Nene would be fired. The inquiry has revealed the rotting stench of corruption at Eskom to be stronger than ever. Parliament state capture committee has heard explosive testimony from

former Trillian bigwig in the #Eskominquiry, who has exposed just how involved the Gupta-owned company was in making huge political decisions. Eskom's close working relationship with Trillian has come under intense scrutiny in this investigation. In fact most of this information has been in public domain for some times, its just that there has been no will to prosecute on the part of the state as the head of state is himself implicated in one way or the other in the state of capture. We say No to Tariffs Increase, No to corruption and no to use of Coal to generate energy!!!! Yes to renewable energy, Yes to Accountability and Transparency!!!!