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MEDIA STATEMENT

NERSA DECISION ON ESKOM'S REGULATORY CLEARING ACCOUNT (RCA) APPLICATION – THIRD MULTI-YEAR PRICE DETERMINATION (MYPD3) YEAR 1 (2013/14)

The National Energy Regulator (NERSA) announced today that based on the available information and the analysis of Eskom's Regulatory Clearing Account (RCA) application for the first year of the third Multi-Year Price Determination (MYPD3) (2013/14), the Energy Regulator decided that the average tariff for standard tariff customers be increased by 9.4% for the 2016/17 financial year only.

The Energy Regulator further decided as follows:

1. The RCA balance of R11 241m is recoverable from the standard tariff customers, local SPAs and international customers in the financial year 2016/17.
2. The amount of R10 257m is recoverable from standard tariff customers for the 2016/17 financial year only.
3. The amount of R983m is recoverable from Eskom's local SPA customers and international customers for the 2016/17 financial year only.
4. Eskom must submit a new MYPD application within three months, based on revised assumptions and forecasts that reflect the recent circumstances.

Eskom submitted its RCA application for consideration by the Energy Regulator on 10 November 2015. Eskom applied for an RCA balance of R22 789m in its favour. In terms of the provisions of the MYPD Methodology, the Energy Regulator has to, upon application by Eskom, assess certain qualifying allowed revenue and expenditure against actual revenue and expenditure.

The Energy Regulator made the decision after conducting due regulatory process, which included publishing Eskom's RCA application and inviting written comments from stakeholders. Public hearings were conducted in six of South Africa's provinces between 18 January 2016 and 05 February 2016 to afford interested and affected stakeholders the opportunity to present their views, facts and evidence.

Regulator Members: Mr JRD Modise (Chairperson) Ms MMD Nkomo (Deputy Chairperson)
*Mr T Bukula *Dr RD Crompton *Ms N Maseti Ms KR Mthimunya Mr FK Sibanda
*Full-time Regulator Members

The Reasons for Decision (RfD) document will be available on the NERSA website at www.nersa.org.za in due course.

Enquiries

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About NERSA:

NERSA is a regulatory authority established as a juristic person in terms of Section 3 of the National Energy Regulator Act, 2004 (Act No. 40 of 2004). NERSA's mandate is to regulate the electricity, piped-gas and petroleum pipelines industries in terms of the Electricity Regulation Act, 2006 (Act No. 4 of 2006), Gas Act, 2001 (Act No. 48 of 2001) and Petroleum Pipelines Act, 2003 (Act No. 60 of 2003).