

Electricity tariff amended in line with NERSA specifications

Knysna Municipality's customers may have noted a higher than expected increase in electricity tariffs implemented at the end of July. "We had to raise the tariff by a few cents to fall in line with the directives of the National Energy Regulator of South Africa (NERSA)," said Acting Municipal Manager Dr Louis Scheepers.

"NERSA determines the electricity tariffs for South African municipalities, who must conform to these stipulations," explained Dr Scheepers. "Unfortunately, we only received NERSA's approval on our application for rates after our municipal budget had been approved."

The municipality began a cost supply study for electricity in 2018. Application for tariffs for the 2020/21 financial year was submitted to NERSA and motivated by this study. The Municipal Finances Management Act 56 of 2003 (MFMA) requires that Council's operational budget be approved in May or the start of the new financial year. However, Council only received approval from NERSA – with specified amendments – after the budget had been approved.

"The timing as specified by the MFMA versus the timing of applications to, and approval from NERSA, has created this conflict," said Dr Scheepers. "The Auditor-General also raised this issue last year. We hope that the relevant legislators will address this issue to avoid similar confusion in the future."

"Although only a few cents, every cent matters and we know how hard our residents work for their income," Dr Scheepers concluded. "While this late change to the electricity tariff was not our decision, but a directive to comply with the national regulator, we do apologise for any inconvenience caused to our residents."

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