



Cape Town Electricity Services

Residential Electricity Tariff Explanation

Tariffs Valid With Effect from 1 July 2017

Cape Town's electricity tariffs have been formulated in accordance with the Constitution, the Local Government: Municipal Systems Act and the Local Government: Municipal Finance Management Act.

There are two possible tariffs available for the City's residential electricity customers for the 2017/18 financial year. The Lifeline tariff is only applicable if supplied by a prepayment meter, and the municipal property valuation is below R400 000, all other Residential supplies will be charged the Domestic Tariff (with the exception of pensioners or disabled customers in receipt of a Rates rebate in terms of the City's Rates Policy – this includes tenants who otherwise would have qualified for a Rates rebate, or those declared indigent in terms of the City's Credit Control and Debt Collection Policy).

The Domestic Tariff is a two block inclining block tariff and is applicable to customers who receive more than 450 kWh per month on average (as calculated using a twelve month average), including any Free Basic Electricity that may be applicable, and/or customers supplied via a credit meter (post-paid), irrespective of consumption level.

Block 1 (0-600 kWh per calendar month) has an energy charge of 169.12 c/kWh plus VAT = 192.80 c/kWh, and Block 2 (all electricity received over 600 kWh per calendar month) has an energy charge of 205.65 c/kWh plus VAT = 234.44 c/kWh.

There is no service charge applicable to this tariff, nor is there any Free Basic Electricity supplied on this tariff.

The Lifeline Tariff is a special, highly subsidized 2 block inclining block tariff aimed at prepaid customers who receive on average 450 kWh or less per month (as calculated using a twelve month average), including any Free Basic Electricity that may be applicable AND have a municipal property valuation of less than R400 000. Any customer who qualifies for an indigent rebate in terms of the Credit Control and Debt Collection Policy, as well as any customer who qualifies for a pensioner or disabled rebate – this includes tenants who otherwise would qualify for a Rates rebate – in terms of the Rates Policy of the City will not have to comply with the municipal property valuation and metering criteria, but will still have to meet the 450 kWh per month average. Certain old-age homes run by Non-profit and Public Benefit organisations also qualify (see Tariff Policy for further details).

Block 1 (0-350 kWh per calendar month) has an energy charge of 102.00 c/kWh plus VAT = 116.28 c/kWh. This block also includes any Free Basic Electricity that may apply. Block 2 (above 350 kWh per calendar month) has an energy charge of 205.65 c/kWh plus VAT = 234.44 c/kWh.

Note that the figures for both tariffs apply *per calendar month* (defined here as being from the 1st of the month to the last day of that particular month), and not *per purchase*. Credit metered tariffs will be pro-rata'd in accordance with the number of days in the reading period.

The Home User Tariff which has been promulgated for 2017/18 will not be implemented until at least 1 July 2018, and is therefore disregarded for the purposes of this document.

Which Tariff Is Available To Me?

The Domestic Tariff is the only option for customers receiving more than 450 kWh per month on average, based on a 12 month average.

The Lifeline Tariff is an option for customers who receive less than 450 kWh per month on average, based on a 12 month average and meets the additional criteria as mentioned above. These customers are eligible for receiving Free Basic Electricity, which is 60 kWh per month for those Lifeline customers who receive on

average less than 250 kWh per month and 25 kWh per month for those that receive on average between 250 kWh and 450 kWh per month.

Any customer on the Domestic Tariff, who feels that they've received less than the average of 450 kWh per month, and meets the additional criteria, is free to apply for the Lifeline Tariff. However, the City will investigate whether or not they actually do qualify or not. Should they qualify, they will be switched to the Lifeline Tariff with effect from the date of application.

Please Note:-

1. Customers are charged at a specific tariff which is not automatically converted to the cheaper tariff for individual months during which the energy they've received changes to above or below 450 kWh. For example, a customer who purchases more than 450 kWh during most months of the year would pay this tariff during the months even when slightly less than 450 kWh is received, so long as the average over the 12 months is more than 450 kWh.

2. Residential premises with supplies of more than 100 Amps connected will be treated as Commercial Customers.

Impact of the 2017/18 Tariff Increase (values include VAT)

Indicative values only.

Illustrative Examples of Average Monthly Account Values on the Domestic Tariff:

Units Received (kWh)	2016/17	2017/18	% Increase
450	R 843.93	R 867.60	2.80%
600	R 1 125.24	R 1 156.80	2.80%
800	R 1 581.36	R 1 625.68	2.80%
1000	R 2 037.48	R 2 094.56	2.80%
1500	R 3 177.78	R 3 266.76	2.80%

Illustrative Examples of Average Monthly Account Values on the Lifeline Tariff:

Units Received (kWh)	2016/17	2017/18	% Increase
60	R 0.00	R 0.00	Unchanged
150	R 99.61	R 104.65	5.06%
250	R 210.29	R 220.93	5.06%
350	R 359.71	R 377.91	5.06%
450	R 666.15	R 612.35	-8.08%
600	R 1 125.81	R 964.01	-14.37%

The Free Basic Electricity portion allocated to qualifying customers forms part of the Block 1 receipts. Therefore customers will only pay for a maximum of 290 kWh or 325 kWh (depending on which group of Lifeline customers they fall into) of the 350 kWh that makes up this Block, with the City paying for the remainder.

Illustrative Examples Of How The Tariff Functions.

It is important to note that the frequency of purchases in the month will not affect the total number of kWh received in that month, or the ultimate cost of those units. The examples below illustrate this for a Lifeline customer purchasing R600 of electricity per month. The Domestic Tariff functions in a similar manner. All Rand amounts quoted include VAT.

Example A:

Customer A purchases all R600 worth of electricity once off at the start of every month. For this they will receive 25 kWh Free Basic Electricity, 325 kWh at 116.28 c/kWh (together forming the Block 1 portion), and 94.7 kWh at 234.44 c/kWh (Block 2) for a total of 444.7 kWh received.

Example B:

Customer B purchases their R600 worth of electricity in 2 equal purchases of R300. This means that for their first purchase they will receive 25 kWh Free Basic Electricity, and 258 kWh at 116.28 c/kWh (combined forming part of Block 1), for a total of 283 kWh. For their second purchase of R300 they will receive 67 kWh at 116.28 c/kWh (the remainder of the Block 1 portion) and 94.7 kWh at 234.44 c/kWh (Block 2) for a total of 161.7 kWh. Both purchases together bring the total amount of electricity received to 444.7 kWh.

Example C:

Customer C purchases their R600 worth of electricity in 4 equal purchases of R150 each. For their first purchase they will receive 25 kWh Free Basic Electricity, 129 kWh at 116.28 c/kWh (combined forming part of Block 1) for a total of 154 kWh. For the second purchase, the customer will receive 129 kWh at 116.28 c/kWh (a further portion of block 1). For the third purchase the customer will receive 67 kWh at 116.28 c/kWh (the remaining portion of Block 1), plus 30.8 kWh at 234.44 c/kWh (a portion of Block 2) for a total of 97.8 kWh. For the fourth purchase of the month the customer will receive 64 kWh at 234.44 c/kWh (Block 2). Adding all the purchases together we arrive at a grand total of 444.7 kWh received in the month.

Example D:

Customer D purchases their full annual amount of energy in one bulk purchase. They receive 5336.8 kWh for their single purchase. This is made up of 25 kWh Free Basic Electricity, 325 kWh at 116.28 c/kWh (combined forming Block 1), and 4986.8 kWh at 234.44 c/kWh. This brings the total cost for the year to R12 068.93 (which if divided by 12 for comparison purposes results in a monthly amount of R 1 005.74 – well above what the same amount of electricity would cost if bought in smaller monthly increments). Furthermore, by purchasing in this manner the customer would lose out on 11 months' worth of the Free Basic Electricity (275 kWh in total). It is therefore advisable to purchase only the electricity that is actually required in that month, and not to buy significantly more in one go.

The Free Basic Supply

In July 2001, 20 free kWh per month were provided to all domestic customers supplied directly by Cape Town. In July 2003, this was increased to 30 free kWh. National Guidelines established late in 2003 recommended 50 free kWh for customers using less than 150 kWh per month on average. From January 2004, 50 free kWh per month were given to all domestic customers supplied directly by Eskom in the Cape Town municipal area

From July 2004, in order to more accurately target the indigent customers and to limit the cost of the free basic allocation, Council resolved that 50 free kWh per month would be provided to customers using less than 500 kWh per month on average.

Until 30 June 2013, the free basic supply of 50 kWh was provided to customers supplied at the Lifeline Tariff and to Eskom customers who purchase less than 250 kWh per month on average.

From 1 July 2013, for City customers will receive to the following:

- Customers on the Lifeline tariff receiving less than 250 kWh per month on average will receive 60 kWh per month free basic supply;
- Customers on the Lifeline tariff receiving more than 250 kWh per month on average but less than 450 kWh per month on average will receive 25 kWh per month on average.

For Eskom customers, those who purchase less than 250 kWh per month on average on one of the Homelight tariffs (so excludes anyone who may be on the Homepower tariffs) will receive 50 kWh per month free, in terms of the Free Basic Electricity Agreement between the City and Eskom.