

2 October 2018

MEDIA STATEMENT

LIQUIDATION OF ESKOM'S THIRD MULTI-YEAR PRICE DETERMINATION (MYPD3) REGULATORY CLEARING ACCOUNT (RCA) BALANCE FOR YEAR 2 (2014/15), YEAR 3 (2015/16), AND YEAR 4 (2016/17)

The National Energy Regulator of South Africa (NERSA) announced today that at its meeting held on 26 September 2018, the Energy Regulator approved the liquidation of Eskom's Third Multi-Year Price Determination (MYPD3) Regulatory Clearing Account (RCA) balances for the 2014/15, 2015/16 and 2016/17 financial years over a four-year period. On 14 June 2018, the Energy Regulator approved that a total RCA balance of R32.69 billion will be recoverable from the standard tariff customers, local Special Pricing Agreements (SPAs) and international customers.

The Energy Regulator further approved as follows:

1. The RCA balance of R31 105m will be recovered from standard tariff customers and R1 585million will be recovered from Negotiated Pricing Agreement (NPA) and International customers.
2. Table 1 below shows the liquidation of Eskom's RCA balance over a four-year period.

Table 1: Impact of liquidating the RCA balance over a four-year period

R'm	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
RCA in 4 years						
Revenue	176 410	176 410	184 186	184 186	184 186	184 186
RCA arising		8 173	8 173	8 173	8 173	
Adjustment for RCA spent in the previous year			-8 173	-8 173	-8 173	-8 173
Total Revenue to all customers	176 410	184 583	184 186	184 186	184 186	176 014
Revenue from NPA and Export		396	396	396	396	
Adjustment for revenue from NPA and Exports spent in previous years			-396	-396	-396	-396
Revenue from standard customers	176 410	184 186	184 186	184 186	184 186	176 410
Volumes	188 082	188 082	188 082	188 082	188 082	188 082
Price	0,94	0,98	0,98	0,98	0,98	0,94
Percentage Price Increase*	n/a	4,41%	0%	0%	0%	-4,41%

*The RCA is used in the allocated year. There is therefore no incremental increase in the following year.

3. Eskom will recover R8 173m from Standard customers for the 2019/20, 2020/21, 2021/22 and 2022/23 financial years.
4. The amount that will be recovered from NPAs and exports equates to R396m in the 2019/20, 2020/21, 2021/22 and 2022/23 financial years.

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

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