



CITY OF CAPE TOWN  
ISIXEKO SASEKAPA  
STAD KAAPSTAD

## Mayor's Open Letter to Residents: Enough with Eskom's steep increases and power monopoly

Dear Residents

Households across South Africa are feeling the pinch of Eskom's steep 17,8% price increases.

**Cape Town, and all municipalities, are still forced to buy all electricity solely from Eskom, and national government is yet to cut the red tape that will enable us to buy from independent power producers. We are working every day to change this.**



As Mayor, I want to make this City's position clear: **Enough with Eskom's steep price increases and power monopoly.**

**The future cannot be more Eskom monopoly power, only competition will bring the electricity pricing, and reliable supply, that households and our economy needs.**

Residents can rest assured the City of Cape Town is **leading the charge to diversify energy supply and promote competitive pricing for consumers**, including:

- **Protecting City-supplied customers from Eskom's load-shedding** as far as possible, among others using the Steenbras Hydro Pump Station.
- **Getting the Atlantis Power Station up and running by 2023**, with plans for a renewable energy hub at the Athlone Power Station.
- **Planning to procure at least 300 MW of energy from independent producers**, including ongoing consultation with national government to speed this up.
- **Pursuing a range of renewable energy projects from 1MW to 100MW, to be owned and operated on municipal land**, with a call for proposals issued on low cost finance solutions over a period of 20 years.

In the meantime, the City is doing everything possible to protect residents from Eskom's exorbitant 17,8% price increase for 2021/22.

### **Protecting residents from Eskom's steep increase in 2021/22**

As a Caring City, Cape Town **provided more protection than all other metros against Eskom's steep price increases** for 2021/22, coming in at **32% below Eskom's national increase to municipalities** (13,48% vs 17,8%).

This is despite the fact that **it costs Cape Town 3% more to buy electricity than cities situated closer to Eskom's generation plants in the north.**

The City was able to **absorb some of Eskom's increase by running a cost-efficient electricity service**, even though we are on tight margins with increasing input costs.

Residents in Cape Town can rest assured that money is not wasted, and **all income from electricity sales goes toward the provision of services.** This includes **load-shedding**

**protection** for City-supplied customers where possible, and **80% of electricity outages fixed in under 3,5 hours**.

**The subsidised Lifeline electricity tariff is available to households** with prepaid meters using an average of less than 450 units per month, and:

- A property value less than R400 000; OR
- Registered indigent (R7 000 or less monthly household gross income); OR
- Registered for disabled or pensioner rebate (including rental tenants who would otherwise benefit from this property rebate)

On the **Lifeline** tariff, households receive:

- **60 units free electricity** if consumption is less than 250 units per month;
- **25 units free electricity** if consumption is greater than 250 units but less than 450 units per month.
- **No fixed charge**
- **A subsidised tariff of R1,64 per unit incl. VAT** (after free units, and up to 350 units used, after which a normal 'Block 2' rate of R3,31 per unit incl. VAT is applied).

The City continues to offer help to struggling households in these ways:

- **27% of City-supplied Cape Town households get free basic electricity on the Lifeline tariff**, among the highest proportion of households for any metro in the country (Gauteng average = 15.9%).
- **Lowest commercial and residential rates of metros in South Africa**, with Cape Town 25% lower than Johannesburg, and over 2x lower than eThekweni based on the cent-in-Rand rate, a statutory measure to calculate property rates.
- **R3,35 billion in rates relief for 2021/22**, including R1,99 billion for indigent relief and R1,35 billion in rates rebates.
- **R4bn debt write-off and payment incentive** is available to aid struggling residents and foster a culture of payment.
- **Pensioner, disabled, and indigent rebates** as well as rebates for public benefit organisations.
- **In cases of debt recovery, limited deductions on pre-paid electricity purchases only occur if there is no payment arrangement in place** despite warnings and notifications, or if the terms of an existing arrangement are not being honoured.

### **Cape Town tariffs among the lowest of all metros**

**In Cape Town, residents generally get more units compared to Joburg**, and tariffs are among the lowest of all metros, especially when you use less.

**Cape Town is still almost R300 cheaper than Joburg for 600 units**, including all fixed monthly costs and VAT (R1 634,50 vs R1 928,83).

| Electricity tariff<br>2021/22 | Units + Fixed Charges incl. VAT |           |           |           |             |
|-------------------------------|---------------------------------|-----------|-----------|-----------|-------------|
|                               | 600 units                       | 650 units | 700 units | 800 units | 1 200 units |
| <b>JHB (Domestic 1)</b>       | R1 928,83                       | R2 039,96 | R2 151,10 | R2 373,37 | R3 294,24   |
| <b>CPT (Home User)</b>        | R1 634,53                       | R1 800,16 | R1 965,79 | R2 297,04 | R3 622,08   |

| Electricity tariff 2021/22 (600 Units + Fixed charges incl. VAT) |          |
|------------------------------------------------------------------|----------|
| Joburg (Domestic 1)                                              | R1 928,8 |
| Ekhuruleni                                                       | R1 671,7 |
| Nelson Mandela Bay                                               | R1 660,6 |
| Buffalo City                                                     | R1 659,5 |
| Cape Town (Home User)                                            | R1 634,5 |
| Tshwane                                                          | R1 584,4 |
| eThekweni                                                        | R1 439,8 |

*\*Note: Cape Town's 'Home User' and 'Domestic' tariffs are comparable to Joburg's 'Domestic 1' tariff, which services a similar consumer band. Prepaid tariffs are not comparable between these two cities because Cape Town has already switched to a near-universal prepaid metering system, while in Joburg credit meters remain in wide-use. Joburg's prepaid meters were primarily targeted to struggling households more comparable to those on the Lifeline tariff in Cape Town. As more households switch to prepaid, the overall tariff structure will evolve.*

### How to reduce unit costs/get more units for your money

- If you have debt arrears, **make a payment arrangement**.
- If you qualify for **indigent or pensioner assistance**, approach the City.
- **Large bulk purchases are not cheaper**. When buying in bulk, one runs the risk of moving into a higher tariff category. Always buy only what you need for a calendar month, and try to keep usage below 600 units per month on the domestic tariff or home user tariff, and below 350 units per month on the lifeline tariff.
- **Save electricity:**
  - **Your geyser:** Turn the geyser temperature down to 60°C.
  - **Use less hot water, shower instead of bathing:** Taking a short shower will save up to 80% in water and use **five times less electricity** than heating bath water.
  - **Use energy-saving light bulbs, such as LEDs.** On average, LED lights use **six times less electricity**, even if burning for just two hours a day.

### Contact the City for help

Contact the City's call centre for help with the range of support on offer for struggling households, including switching to prepaid to help with monthly budgeting:

**0860 103 089**

For more no-cost, low-cost and invest-to-save smart tips, please visit:

<https://saveelectricity.org.za/>

Times may be tough, but we'll get through this as **One City Together**.

Sincerely,  
Mayor Dan Plato