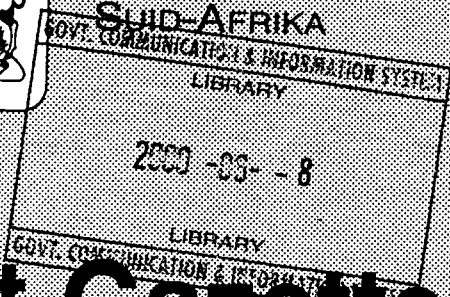


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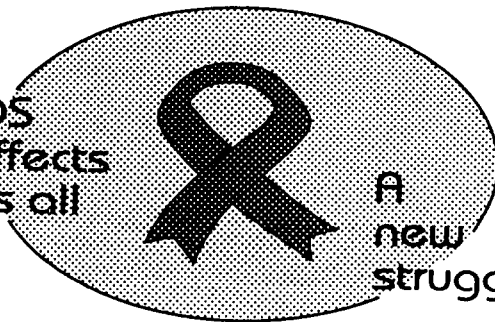
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No. 21221

We all have the power to prevent AIDS

AIDS
affects
us all



A
new
struggle

Prevention is the cure

**AIDS
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DEPARTMENT OF HEALTH

NOTICE 2076 OF 2000**ESKOM
PROPOSED AMENDMENT OF STANDARD PRICES:
PROMULGATION OF STRUCTURAL TARIFF
ADJUSTMENTS FOR LARGE AND SMALL POWER USERS****1. BACKGROUND**

- 1.1 Eskom has developed a long-term tariff plan aimed at giving customers and the National Electricity Regulator (NER) as much advance notification of future tariff developments as possible.
- 1.2 The NER supports the principle of cost-reflective tariffs. However, due to major uncertainties in the Electricity Supply Industry as well as the lack of clear definitions and objectives for cost reflectiveness, all pricing restructuring, driven by the cost reflectiveness objective, are put on hold, pending **further** direction from the NER. Pricing developments aimed at aligning existing tariffs or the introduction of new tariffs where there is a proven need, will be continued.
- 1.3 All prices quoted in this notice are in 2000 Rand value and therefore subject to Eskom's annual price increase. **Tariffs and / or tariff components not mentioned in this notice will not be subject to structural change, only to the general price increase.** Tariffs quoted for 2002 onwards are subject to review and promulgation in 2001, but are given here as advance notice of probable future changes.

2. LARGE POWER USERS

The following structural changes will be introduced with effect from 1 January 2001.

2.1 ALIGNMENT OF THE kW AND kVA TARIFF OPTIONS

The kW demand charges of Nightsave will be increased by 1,2 1'%, above Eskom's **annual** price increase, in order to improve alignment of the kW and kVA tariffs at a 0,85 power factor, From 2001 the tariffs will align at a power factor of 0,87. A further two years will be required to fully phase in the stated objective.

Customers on the kW tariff option receive two main benefits. Firstly the metering integration period is sixty minutes, as opposed to the thirty-minute period applied to all other tariffs. Secondly customers on the kW option do not pay for reactive energy consumption. With the kW and kVA tariffs currently breaking even at a power factor of 0,89, customers with a lower power factor are being undercharged.

The proposed rates (in 2000 Rand value) are shown in table 1 below.

TARIFF COMPONENT	BEFORE CHANGE	AFTER CHANGE
KW demand (urban)		
All voltages	R43,39 + VAT = R49,46	R43,91 + VAT = R50,06
KW demand (rural)		
AH voltages	R46,75 + VAT = R53,30	R47,32 + VAT = R53,94

Table 1

2.2 TIME-OF-USE SEASONS

The Time-of-Use seasons will be changed to 9 months of low demand and 3 months of high demand. The latter will be the months of June, July and August.

The proposed rates for the two seasons (in 2000 Rand value and exclusive of VAT) are shown in table 2 below.

Megaflex

COMPONENT	SEASONS			
	HIGH DEMAND			LOW DEMAND
	2000	2001	% Change	(No Change)
Peak (c/kWh)	22.07c	29.90c	35.48%	19.87c
Standard (c/kWh)	12.39c	12.39c	0%	11.11c
Off-peak(c/kWh)	7.10c	7.10c	0%	6.39c
Demand (R/kW)	R 12.23	R 12.23	0%	R 11.02

Miniflex

COMPONENT	SEASONS			
	HIGH DEMAND			LOW DEMAND
	2000	2001	% Change	(No Change)
Peak (c/kWh)	33.67c	41.41c	22.99%	30.31c
Standard (c/kWh)	12.39c	12.39c	0%	11.11c
Off-peak(c/kWh)	7.10c	7.10c	0%	6.39c

Ruraflex

COMPONENT	SEASONS			
	HIGH DEMAND			LOW DEMAND
	2000	2001	% Change	(No Change)
Peak (c/kWh)	39.12c	49.54c	26.63%	35.11c
Standard (c/kWh)	14.77c	14.77c	0%	13.25c
Off-peak(c/kWh)	8.59c	8.59c	0%	7.69c

Table 2

Note: The winter season's peak rates only are adjusted to ensure an overall revenue neutral charge to the new seasonal structure.

3.

SMALL POWER USERS

The following structural changes will be introduced with effect from 1 January 2001.

3.1 LANDRATE 1,2 AND 3

Eskom will continue the process, started on 1 January 1997, of phasing out the declining block rate structure of the Landrate range of tariffs. The structural changes in 2001 involve reducing the high-energy block from 600 kWh per month to 500 kWh per month and increasing the basic charge by a commensurate amount. This adjustment is required to reduce the cross-subsidy to low and irregular usage customers.

The following tariffs, as shown in Table 3, will be applicable:

STRUCTURAL ADJUSTMENT TO LANDRATE

YEAR	2000	2001	2002	2003	2004	2005	2006
High rate block (kWh)	600	500	400	300	200	100	0
Landrate 1	134,53	147,94	161,35	174,76	188,17	201,58	214,99
Landrate 2	163,92	177,33	190,74	204,15	217,56	230,97	244,38
Landrate 3	219,07	232,48	245,89	259,30	272,71	286,12	299,53

Table 3

Note : The above rates are before the annual price increase, in 2000 Rand values, VAT excluded.

Note :

Any persons who have concerns about or objections to these proposed new tariffs should forward their appropriately motivated submissions to the Chairman, National Electricity Regulator, PO Box 785080, SANDTON, 2146, to reach him not later than 60 days after the date of this publication. A copy of the submission should be addressed to the Electricity Pricing Manager, Eskom, PO Box 1091, Johannesburg, 2000.