

Circular 27 – 2018

21 August 2018

Dear Resident

Changes to your water & electricity tariff structure and costs – effective 01 July 2018

Please note that the City of Cape Town has changed the water and electricity tariff structures and costs.

Effective 01 July, the City of Cape Town has introduced a water tariff of R20 which will be charged to your water bill via the Motla account presented with your levy statement. In addition, a new electricity *Fixed Home User Tariff* of R150 per month has been introduced, irrespective of the electricity consumption. These charges will be added to your next levy account and will be backdated to include July, August and September's tariffs.

The electricity *Domestic Tariff* has been reduced by 25 c/kWh for the first 600 units. A recent communication circulated by the City of Cape Town read as follows: "As a City electricity customer who has a prepaid meter and whose residence has a municipal property value of R1million or greater; or who has a credit meter regardless of property value. You have been identified as such a customer.

You are currently on the Domestic Tariff, which aims to recover the full cost of providing electricity to a property. Currently this delivery charge is recovered via electricity sales as an energy fee which is measured in a cent/kilowatt-hour (c/kWh) charge.

To ensure that households pay their share of these fixed costs irrespective of how much electricity they consume, the City aims to recover these costs through a fixed monthly service charge rather than as a component of a c/kWh charge. (See additional information attached)

Yours sincerely,



Christine Dempers
Village Manger

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CITY OF CAPE TOWN
ISIXEKO SASEKAPA
STAD KAAPSTAD

18 April 2018

Changes to your electricity tariff structure and costs

Dear resident

This is for your attention as a City electricity customer who has a prepaid meter and whose residence has a municipal property value of R1million or greater; or who has a credit meter regardless of property value. You have been identified as such a customer.

You are currently on the Domestic Tariff, which aims to recover the full cost of providing electricity to a property. While the largest component (70%) of the cost of providing electricity to your home covers the purchase from Eskom of the electricity that you use, some 30% of the total costs are fixed. The fixed costs associated with providing electricity to residents remain the same whether more or less electricity is used. Previously, a fixed cost was in place.

Currently this delivery charge is recovered via electricity sales as an energy fee which is measured in a cent per kilowatt-hour (c/kWh) charge. Under the current tariff formula, the fixed cost contribution of those who buy fewer than 600 units a month is being subsidised by those who buy more. As fixed costs bear no relation to consumption on the property, the City believes it is reasonable that those living in properties valued at R1 million and over contribute equitably towards these costs.

The service charge or the Home User tariff is proposed as R150 per month (lower than the proposed R219 amount for 2017/18) combined with an energy fee of approximately 185.32 c/kWh for the first 600 units per month, as compared to the higher cost of 210.32 c/kWh on the Domestic tariff.

You have been identified as an eligible customer that will move to the proposed Home User tariff on 1 July 2018.

To ensure households pay their share of these fixed costs irrespective of how much electricity they consume, the City aims to recover these costs through a fixed monthly service charge rather than as a component of a c/kWh charge.