

Democratic Utilities

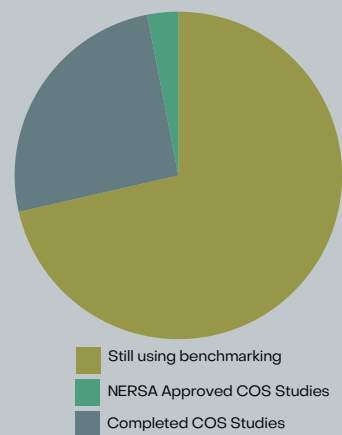
Overview

Distribution utilities are fundamental to a successful energy transition. The unbundling of Eskom and the move towards a national electricity market have placed utilities in a position where they need to evolve to survive. The survival of distribution utilities is vital to our country as they provide electricity to millions of homes and businesses. Distributors need to improve their tariff design process in order to remain financially viable and to ensure that they can serve affordable electricity to all their customers. Improvements in the tariff design process come through conducting cost-of-supply studies along with developing complete asset registers to provide a basis for cost reflective tariff setting.

Tackling the Challenge

Sustainable Energy Africa is working with several stakeholders including SALGA, MISA, the National Energy Regulator, Eskom, GIZ and UKPact to support municipalities to undertake cost of supply (COS) studies and enhance tariff design. A COS tool has streamlined and standardised basic cos models in support of tariff changes. To date, 140 municipalities have been supported in developing cost of supply studies through training, comprehensive analyses, and quality assurance. Cost of supply studies assist utilities to move to cost-reflective tariffs and provide new services like feed-in-tariffs for customers with rooftop solar, use-of system charges for electricity wheeling, and procure renewable energy for their constituents.

Municipal Cost of Supply Studies



A range of supporting activities and resources have been developed including cost of supply videos, a tariff communications toolkit, and an Eskom account and tariff reader tool. Annual COS training is provided for municipalities, and ongoing technical support is available. The initiative has partnered with the SALGA. SALGA is leading a national COS Working Group to coordinate efforts across stakeholders and ensure ongoing development of the space. SEA has also partnered with NERSA and works alongside the regulator to support the COS process and strengthen capacity through a collaborative effort. There is much progress to be made in both method and application towards more sustainable utility management.

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