



## UNDERSTANDING RESIDENTIAL ELECTRICITY TARIFFS IN CAPE TOWN – 2020/21

(Applicable from 1 July 2020)  
(NOT APPLICABLE TO ESKOM SUPPLIED AREAS)

### In the information set out below it should be noted that:

- Cape Town's electricity tariffs have been formulated in accordance with the Constitution, the Local Government: Municipal Systems Act and the Local Government: Municipal Finance Management Act.
- 1 unit of electricity is equal to 1 kWh;
- The step from Block 1 to Block 2 of the tariff is applied taking all the purchases for that month into account, not each individual purchase;
- The LIFELINE TARIFF must be requested by the customer, it is not applied automatically and are subject to meeting conditions/criteria;
- In assessing a particular customer, the average consumption over the previous 12 months, at the time of assessment, is used, along with the municipal property valuation of that customer, and the type of meter present;
- A customer whose previous 12-month average consumption is above 450 kWh is automatically moved to the DOMESTIC TARIFF, in September and March of each year;
- Residential premises with a supply of more than 100 Amps three-phase are treated as Commercial Customers.

### A. You will be eligible for the LIFELINE TARIFF if:

- FOR ALL CUSTOMERS:
  - You have a municipal property valuation of R400 000 or less; and
  - You receive less than 450 kWh per month on average, including any free electricity; and
  - You have a prepayment meter.
  - If you receive a pensioner or disabled persons rebate in terms of the Rates Policy, or are a tenant who otherwise would have qualified for such a rebate, or are registered as Indigent in terms of the Credit Control and Debt Collection Policy, the property valuation provision falls away.

*Note: The Municipal property valuation can be found on Municipal Rates monthly accounts.*

### More LIFELINE TARIFF notes

- FOR CUSTOMERS ON THE LIFELINE TARIFF WITH A PREPAYMENT METER:
  - If you receive a pensioner or disabled persons rebate in terms of the Rates Policy, or are a tenant who otherwise would have qualified for such a rebate, the property valuation provision falls away.
  - If you are registered with the City as indigent in terms of the City's Credit Control and Debt Collection Policy, the property valuation provision falls away.
- Under the LIFELINE TARIFF you will be eligible for Free Basic Electricity as follows:
  - 60 kWh if you receive less than 250kWh per month on average taken over the previous 12-month assessment period, including any free electricity;
  - 25 kWh if you receive more than 250 kWh but less than 450 kWh per month on average taken over the previous 12-month assessment period, including any free electricity.
- The LIFELINE TARIFF works as follows:
  - Block 1:
    - Free Basic energy – no charge to customer
    - Balance up to 350 kWh per calendar month (125.89 c/kWh plus VAT) = 144.77 c/kWh.
  - Block 2:
    - Above 350 kWh per calendar month (253.83 c/kWh plus VAT) = 291.90 c/kWh.

**B. You will be charged on the DOMESTIC TARIFF if:**

- You receive more than 450 kWh per month on average over any 12 consecutive month period, and if you have a prepayment meter and a municipal property valuation in excess of R400 000 but less than R1 000 000.
- The DOMESTIC TARIFF works as follows:
  - Block 1:
    - 0 - 600 kWh per calendar month (208.75 c/kWh plus VAT) = 240.06 c/kWh.
  - Block 2:
    - Above 600 kWh per calendar month (253.83 c/kWh plus VAT) = 291.90 c/kWh.

**C. You will be charged on the HOME USER Tariff if:**

- You have a credit meter (whatever your municipal property value), or you have a prepayment meter and a municipal property valuation of R1 000 000 or more.
- The HOME USER TARIFF works as follows:
  - A monthly service charge (to reflect on the consolidated monthly accounts as "HOME USER CHARGE") of (R148.88 plus VAT) = R171.21
  - Block 1:
    - 0 - 600 kWh per calendar month (183.93 c/kWh plus VAT) = 211.52 c/kWh
  - Block 2:
    - Above 600 kWh per calendar month (253.83 c/kWh plus VAT) = 291.90 c/kWh.

**Impact of the 2020/21 Tariff Increase (values include VAT)**

Indicative values only.

*Illustrative Examples of Average Monthly Account Values on the Home User Tariff:*

Units Received (kWh)	2019/20	2020/21	% Increase
250	R 667.77	R700.01	4.83%
450	R 1 071.33	R1 123.05	4.83%
600	R 1 374.00	R1 440.33	4.83%
800	R 1 930.92	R2 024.13	4.83%
1000	R 2 487.84	R2 607.93	4.83%
1500	R 3 880.14	R4 067.43	4.83%

*Illustrative Examples of Average Monthly Account Values on the Domestic Tariff:*

Units Received (kWh)	2019/20	2020/21	% Increase
250	R 572.50	R600.15	4.83%
450	R1 030.50	R1 080.27	4.83%
600	R 1 374.00	R1 440.36	4.83%
800	R 1 930.92	R2 024.16	4.83%
1000	R 2 487.84	R2 607.96	4.83%
1500	R 3 880.14	R4 067.46	4.83%

*Illustrative Examples of Average Monthly Account Values on the Lifeline Tariff:*

Units Received (kWh)	2019/20	2020/21	% Increase
60	R 0.00	R0,00	Unchanged
150	R 124.29	R130.29	4.83%
250	R 262.39	R275.06	4.83%
350	R 448.83	R470.50	4.83%
450	R 727.29	R762.40	4.83%
600	R 1 144.98	R1 200.25	4.83%

The Free Basic Electricity portion allocated to qualifying customers' forms part of the Block 1 receipts. Therefore, customers will only pay for a maximum of 290 kWh or 325 kWh (depending on which group of Lifeline customers they fall into) of the 350 kWh that makes up this Block, with the City paying for the remainder.

### **Illustrative Examples of How the Tariff Functions.**

It is important to note that the frequency of purchases in the month will not affect the total number of kWh received in that month, or the ultimate cost of those units. The examples below illustrate this for a Lifeline customer purchasing R700 of electricity per month. The Domestic Tariff functions in a similar manner, as does the Home User Tariff (with the exception of there being a Service Charge for the Home User Tariff which is fixed per month irrespective of the amount of energy purchased). All Rand amounts quoted include VAT.

#### **Example A:**

Customer A purchases all R700 worth of electricity once off at the start of every month. For this they will receive 25 kWh Free Basic Electricity, 325 kWh at 144.77 c/kWh (together forming the Block 1 portion), and 78.6 kWh at 291.90 c/kWh (Block 2) for a total of 428.6 kWh received.

#### **Example B:**

Customer B purchases their R700 worth of electricity in 2 equal purchases of R350. This means that for their first purchase they will receive 25 kWh Free Basic Electricity, and 253.4 kWh at 144.77 c/kWh (combined forming part of Block 1), for a total of 278.4 kWh. For their second purchase of R350 they will receive 71.6 kWh at 144.77 c/kWh (the remainder of the Block 1 portion) and 78.6 kWh at 291.90 c/kWh (Block 2) for a total of 150.2 kWh. Both purchases together bring the total amount of electricity received to 428.6 kWh.

#### **Example C:**

Customer C purchases their R700 worth of electricity in 4 equal purchases of R175 each. For their first purchase they will receive 25 kWh Free Basic Electricity, 120.9 kWh at 144.77 c/kWh (combined forming part of Block 1) for a total of 145.9 kWh. For the second purchase, the customer will receive 120.9 kWh at 144.77 c/kWh (a further portion of block 1). For the third purchase the customer will receive 83.2 kWh at 144.77 c/kWh (the remaining portion of Block 1), plus 18.7 kWh at 291.90 c/kWh (a portion of Block 2) for a total of 101.9 kWh. For the fourth purchase of the month the customer will receive 59.9 kWh at 291.90 c/kWh (Block 2). Adding all the purchases together we arrive at a grand total of 428.6 kWh received in the month.

#### **Example D:**

Customer D purchases their full annual amount of energy in one bulk purchase. They receive 5143.2 kWh for their single purchase. This is made up of 25 kWh Free Basic Electricity, 325 kWh at 144.77 c/kWh (combined forming Block 1), and 4 793.2 kWh at 291.90 c/kWh. This brings the total cost for the year to R 14 461.85 (which if divided by 12 for comparison purposes results in a monthly amount of R 1 205.15 – well above what the same amount of electricity would cost if bought in smaller monthly increments). Furthermore, by purchasing in this manner the customer would lose out on 11 months' worth of the Free Basic Electricity (275 kWh in total). It is therefore advisable to purchase only the electricity that is actually required in that month, and not to buy significantly more in one go.

### **The Free Basic Supply**

In July 2001, 20 free kWh per month were provided to all domestic customers supplied directly by Cape Town. In July 2003, this was increased to 30 free kWh. National Guidelines established late in 2003 recommended 50 free kWh for customers using less than 150 kWh per month on average. From January 2004, 50 free kWh per month were given to all domestic customers supplied directly by Eskom in the Cape Town municipal area

From July 2004, in order to more accurately target the indigent customers and to limit the cost of the free basic allocation, Council resolved that 50 free kWh per month would be provided to customers using less than 500 kWh per month on average.

Until 30 June 2013, the free basic supply of 50 kWh was provided to customers supplied at the Lifeline Tariff and to Eskom customers who purchase less than 250 kWh per month on average.

#### **From 1 July 2013, for City customers have received the following:**

- Customers on the Lifeline tariff receiving less than 250 kWh per month on average receive 60 kWh per month free basic supply;

- Customers on the Lifeline tariff receiving more than 250 kWh per month on average but less than 450 kWh per month on average receive 25 kWh per month on average.

For Eskom customers, those who purchase less than 250 kWh per month on average on one of the Homelight tariffs (so excludes anyone who may be on the Homepower tariffs) receive 50 kWh per month free, in terms of the Free Basic Electricity Agreement between the City and Eskom.