



## **FURTHER 20% INCREASE IN ESKOM ELECTRICITY TARIFFS IS BOTH UNJUSTIFIED AND UNACCEPTABLE**

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A further 20% increase in Eskom electricity tariffs is both unjustified and unacceptable.

Eskom's huge increases have done enough damage to the South African economy and it is time to say enough is enough. Recent events and disclosures have made it abundantly clear that we have been paying for corruption. We have been robbed.

The evidence is plainly visible in coal purchases where Eskom is over paying its coal suppliers by billions of rands.

According to Eskom's annual reports, Eskom spent about R10 billion on coal in 2007 and in 2016 it spent a whopping R47.98 billion on coal but it actually sold less electricity that year.

During this time one major coal supplier was driven into bankruptcy by Eskom that refused to increase the price for coal from the loss-making Optimum mine. It was clear that other suppliers were treated more favourably.

According to World Bank commodity price reports, coal prices in South Africa were lower in July last year than in 2007. The graph shows a steep spike in prices in 2008 (about a three-fold increase) but prices were back to normal the next year before they started increasing again. Since 2011, however, prices declined every year to 2016.

In these circumstances, how can Eskom possibly justify spending five times more on coal in 2016 when prices were lower than in 2007 and Eskom generated and sold less electricity?

Let's be generous and say that other factors like transport costs effectively doubled the cost of coal or even increased it from R10 billion to R28 billion, but that would still mean that Eskom overpaid for coal by R30 billion last year. We must now ask the question: Who benefitted?

It's clear that commerce and industry as well as consumers have been robbed by Eskom and it's now time to remedy the situation. We need a claw back for consumers and NERSA should reduce electricity tariffs rather than give in to Eskom's outrageous demand for another 20% increase.



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