



**CITY OF CAPE TOWN  
ISIXEKO SASEKAPA  
STAD KAAPSTAD**

## **ANNEXURE 4**

**REVISED CONSUMPTIVE TARIFFS, RATES AND  
BASIC CHARGES FOR ELECTRICITY GENERATION  
AND DISTRIBUTION, WATER AND SANITATION AND  
URBAN WASTE MANAGEMENT SERVICES**

**2024/25 BUDGET (MAY 2024)**



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## 1. ELECTRICITY GENERATION AND DISTRIBUTION

### 1.1 General

The proposed revisions to the tariffs have been formulated in accordance with the City of Cape Town Tariff and Rates Policy and comply with Section 74 of the Municipal Systems Act.

In terms of section 75A of the Local Government Municipal Systems Act, any fees, charges or tariffs which a municipality may wish to levy and recover in respect of any function or service of the municipality, must be approved by a resolution passed by the municipal council with a supporting vote of a majority of its members.

The Electricity Regulation Act requires that proposed revisions to the electricity consumption based tariffs be submitted to the Regulator for approval prior to implementation. Provisional approval has therefore been requested from the Regulator on 1 March 2024, in accordance with the requirements laid down by them.

The Consumptive Tariff Schedule includes a note indicating that the tariffs are applied in accordance with the terms and conditions as contained in the Electricity Tariff Policy.

There is no Guideline increase for Electricity Tariffs from this year onwards, as this methodology has been declared illegal, and has been replaced with a cost-based methodology as an interim measure before full Cost of Supply regulation is implemented.

The Eskom Bulk Purchase tariff increase for Local Authorities was set by NERSA at 12.72%.

CPI was set by the City at 5.9% for the coming financial year, and, together with the above bulk purchases increase, other required expenditure items and a reduction in sales volumes (projected as -1.5% for the 2024/25 financial year) as a result of the impact of (amongst other things) load-shedding and the installation of SSEG systems by customers, means that a total average Regulated tariff increase of 11.78% is required for the coming financial year.

The Unregulated portion of the tariff is made up of the Contribution to Rates (R2 119m, or 31.34c/kWh on relevant energy portions – an increase of 5.8%) and the cost of street lighting (R687.6m or 9.42c/kWh – an increase of 18.5% brought about primarily as a result of the additional repairs and maintenance required as a result of vandalism). Subsidised energy tariffs (Lifeline and Investment Incentive tariffs) only attract the street lighting portion, while the remainder attract both the Contribution to Rates amount and the street Lighting portion, for a total of 40.76c/kWh (as per the Consumptive Tariff Schedule in Annexure 6) – an overall increase for the Unregulated portion of the tariff of 8.5%. It is worthwhile noting that the surcharge on sale of electricity has been reduced from 10% to 9.5% for the 2024/25 financial year.

These increases are in line with the guidelines established in the Medium Term Revenue and Expenditure Framework.



Present electricity tariffs were approved by Council on 31 May 2023, and were implemented with effect from 1 July 2023.

## 1.2 Proposed Electricity Tariff Policy Changes

It is proposed that the Tariff Policy for Electricity Generation and Distribution is amended as follows for the 2024/25 Financial Year:

- Definitions for the terms “Prosumer” and “Network Capacity Charge” are included.
- Where relevant, the term “Network Access Charge” has been replaced with the term “Network Capacity Charge”.
- Clauses 4.3.11 and 4.3.12 have been amended to remove the starting date from which they were relevant, as sufficient time has now passed to do so.
- Clauses 5.1, 5.2 and 5.3 are amended to make provision for prosumers.
- Clause 5.4 amended to state that costs incurred may be recovered in terms of the Power Purchase Agreement, not that they will be recovered in terms of the Agreement. This is to facilitate an approach where Generator charges may be applied outside of the Agreement, should it so be desired.

## 1.3 Consumptive Tariff Proposals

For the 2024/25 financial year, the average tariff increases as detailed above are applied across the board to all tariff components. Only three minor changes are proposed.

1. The Inclining Block Structure of the Lifeline tariff is done away with (i.e. the Block 2 energy rate is set as equal to the Block 1 energy rate) as a continuation of the process begun last year. This will have no significant impact on the business, as there is already only a negligible amount of sales in the Block 2 portion of the Tariff.
2. The Large User HV tariff is realigned to be closer to the Large User MV tariff on which it is based. This does not impact on the structure of the tariff, simply on the values. This change will have no meaningful initial impact on the business, as there are currently no customers on this tariff.
3. The Network Access Charge is renamed to the Network Capacity Charge, a more accurate reflection of what is being charged for, and in line with industry standard naming convention.

Any variations from the above are either the result of rounding, or of the tariff being linked to an Eskom tariff (i.e. amended by 12.72%) or CPI (5.9% as per above).

## 1.4 Miscellaneous and Street Lighting Tariffs

The Miscellaneous Electricity Tariffs are levied to recover the costs of services provided directly to individual customers.

In terms of the Miscellaneous Tariff Schedule, each tariff was revisited in terms of its relevance and revenue generating potential.



The following tariffs are added to the Schedule for the 2024/25 financial year:

- Item 9.2.2 – the provision of Quality of Supply Instrument Web Interface monitoring service (provides access to both the customer and the City).
- Item 19.3 – the cost of the new single phase AMI meter up to 100A.

The following items on the Schedule are dependent on the Consumption Based tariffs, and are adjusted in accordance with the current Regulated consumption tariff increase of 11.78%:

- Item 10.6 will move to the SPU3 tariff.
- Item 9, Quality of Supply (with the exception of the new 9.2.2).
- Item 13.1, Bulk Residential and Small Power User deposits.
- Item 13.2, Deposits for Time of Use agreements.
- Item 14.1, Unmetered consumption tariffs (these are adjusted according to the total tariff including the Unregulated portion, as these form part of the normal consumption sales basket, and therefore see a slightly lower tariff increase).
- Item 3.1.2 (Table Mountain Lighting) on the Street Lighting Schedule will increase by the average Regulated consumption tariff increase.

All other tariffs are either increased by CPI (5.9%), or else were determined from a zero base, which can result in a variety of different increases, depending on the make-up of the actual tariff. In most instances these prices are dependent upon external pricing, and may result in a significant increase, a zero change, or a decrease in the price. In many cases this recalculation from a zero base has resulted in a less than CPI or even negative increase for the 2024/25 financial year.

Note that in some instances the rounding for VAT purposes may result in a slightly above or below increase for some items.

The increases are in accordance with the guidelines established in the Medium Term Revenue and Expenditure Framework.



## 2. WATER AND SANITATION

The Water and Sanitation Consumptive Tariffs are levied to recover the costs of providing the services.

The proposed tariff increases are predominantly due to the water augmentation plan to ensure security of water supply, upgrades and extensions to the wastewater treatment plants, water demand management initiatives, ensuring the management of assets at appropriate levels, sustain and enhance the maintenance programs as well as supplying water and sanitation at appropriate compliance, capacity, skills, service delivery and responsiveness levels. This includes enhanced focus on the ageing sewer network infrastructure, upgrading of the sewer pump stations and measures to mitigate the impact of load-shedding.

Level Water wise (no restriction) water and sanitation tariffs are recommended for implementation from 1 July 2024. There is a 6.8% tariff increased proposed on Level Water wise (no restriction) tariffs (including the fixed basic charge) and this increase is also applicable for the proposed 2024/25 increases for level 1, level 2, level 3 and level emergency tariffs.

The Bulk Water tariff, which is predominantly used for internal sales and sales to other municipalities, has been increased by 0.63% to R6.42 (excluding VAT) per kilolitre.

The miscellaneous tariffs are levied by Water and Sanitation for the provision of various services by the Directorate. Examples of these services are the installation of water connections and the testing of meters. The aim of these tariffs is to recover the cost of the provision of a particular service to each customer.

An average increase of 5.9% was applied to the 2023/24 tariffs to determine the applicable tariffs for the 2024/25 financial year. The revenue trends for the past 3 years are as follows:

GL and Account description	2020/21		2021/22		2022/23	
	Planned	Actual	Planned	Actual	Planned	Actual
810100 _ Administration Fees	1 405 000	1 322 086	2 100 000	2 050 977	1 300 000	1 269 560
811210 _ Connection Fees - Water	24 000 000	27 084 388	30 000 000	29 313 945	36 350 000	32 429 191
812740 _ Service Charges - Infrastructure and other	3 000 000	3 051 604	3 093 000	4 141 359	5 000 000	4 933 054
860940 _ Laboratory Services	273 628	187 025	182 110	25 011	50 000	
	<b>28 678 628</b>	<b>31 645 104</b>	<b>35 375 110</b>	<b>35 531 292</b>	<b>42 700 000</b>	<b>38 631 805</b>

The proposed consumption tariffs as well as miscellaneous tariffs are shown in the attached Tariffs and Charges Book as Annexure 6.



Notable changes and additions in the tariff policy and tariff schedules for the 2023/24 financial year include:

- Refinement on the criteria for Social Housing Institutions to qualify for water and sanitation free basic assistance. Municipal property valuation per unit no longer required.
- Forfeiting the right to basic water when customers make illegal reconnections will now also be applicable to indigent customers as part of the excessive use procedure.
- In addition to the discontinuation of six free sewage removals via a tanker service during the 2023/24 financial year, this tariff will no longer be subsidized for non-domestic properties. Non-domestic properties will be charged at full cost recovery.



### 3. URBAN WASTE MANAGEMENT

The Urban Waste Tariffs are levied to recover costs of services provided directly to customers and include refuse collection fees, disposal fees, compost sales, weighbridge fees and other ad hoc services. An average increase has been applied on the Consumptive Tariffs for Refuse collection of 5.7% & Disposal of 7.24%. An average increase has been applied on the Miscellaneous Tariffs for Cleaning of 5.9%.

The following amendments to the Tariff Policy are proposed:

- **Tariff Policy Changes**
  - No changes

Failure to implement the proposed Tariff increases on 1 July 2024 will result in under recovery of Revenue required to meet anticipated expenditure for the 2024/2025 financial year.





## CONSUMPTIVE URBAN WASTE TARIFFS 2024 / 2025

All Tariffs reflected below are exclusive of VAT

Urban Waste		2023/24 (excl. VAT)	2024/25 (excl. VAT)	2024/25 (incl. VAT)	Average Increase %
<b>RESIDENTIAL REFUSE COLLECTION</b>					
<b>Formal</b>					
240l Container including Lockable Container	Rand per month	R157.30	R 166.26	R 191.20	5.7%
<b>INDIGENT REBATE - 240l Container including Lockable Container</b>					
Block 1 (100% rebate) – property value from R1 up to R450 000	Rebate Rand per month	-R157.30	-R166.26	-R191.20	5.7%
Block 2 (50% rebate) – property value from R450 001 up to R500 000	Rebate Rand per month	-R78.70	-R83.13	-R95.60	5.6%
Block 3 (25% rebate) – property value from R500 001 up to R650 000	Rebate Rand per month	-R39.39	-R41.57	-R47.80	5.5%
<b>ENHANCED SERVICE LEVEL INCLUDING LOCKABLE CONTAINER</b>					
240l - Additional Container	Rand per container per month	R 157.30	R 166.26	R 191.20	5.7%
240l - 3x per week for cluster	Rand per container per month for Sectional Title Units	R 471.91	R 498.78	R 573.60	5.7%
240l - 5x per week for cluster	Rand per container per month for Sectional Title Units	R 786.70	R 831.57	R 956.30	5.7%
<b>Informal</b>					
Basic Bagged service	Rand per month	Free	Free	Free	-
<b>NON-RESIDENTIAL REFUSE COLLECTION</b>					
<b>240 LITRE CONTAINER INCLUDING LOCKABLE CONTAINER</b>					
1 removal per week	Rand per container per month	R 188.00	R 198.70	R 228.50	5.7%
3 removal per week	Rand per container per month	R 563.57	R 595.65	R 685.00	5.7%
5 removal per week	Rand per container per month	R 939.48	R993.04	R 1142.00	5.7%
<b>REFUSE AVAILABILITY</b>					
All vacant Erven	Rand per month	R 93.22	R 98.52	R 113.30	5.7%
<b>DISPOSAL SERVICES</b>					
General Waste	Rand per ton	R 644.78	R 691.48	R 795.20	7.24%
Special Waste	Rand per ton or part thereof	R 854.52	R 916.35	R 1053.80	7.24%
Builders Rubble	Rand per ton	R 26.70	R 28.61	R 32.90	7.24%