

Theme: Rebuilding TRUST through DATA

Topic: Data Integrity in

Cost of Supply Study

Presenter: Zolani Zonyane, CGFO

PFM Advsior & CoCreator @ Ndalo Governance

Webinar Curator & Moderator @ The Municipal Edge

Date: 22 April 2025



BIG DATA

ERA OF DATA-BASED DECISION-MAKING









CONTENT



- 1. Cost of Supply Framework & Afriforum case
- 2. Cost of Supply Study Model NERSA
- 3. Input Data
- 4. Cost-Reflective Tariff Model National Treasury
- 5. Benchmarking of electricity tariffs
- 6. Tariff structure/breakdown
- 7. Outcomes of the Cost of Supply Study
- 8. A call for data integrity and collaborations

CoS Framework & Afriforum case







Cost of Supply Study on approval of tariffs.



COST OF SUPPLY FRAMEWORK

RISK: NERSA likely to reject applications for 2025/26 tariff increases without Cost of Supply Study.

If approved, Afriforum is likely to interdict implementation.



invalid, and unenforceable (paragraph 2 of the order). The method was unlawful as it

failed to require tariff increases to be based on cost of supply studies. In addition, the

Court ordered that NERSA must use a methodology premised on a cost of supply

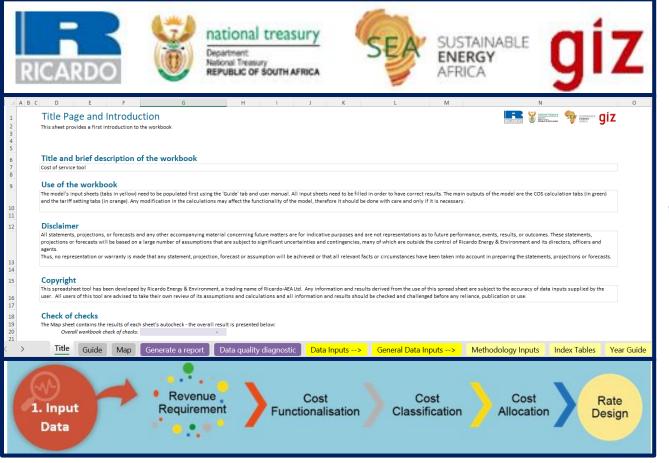
www.cigfaro.co.za

RAND V

MUNICI

Cost of Supply Study Model







Input Data





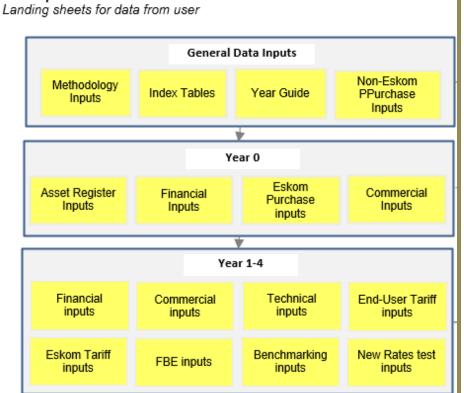
INTEGRATION

Y0 = 2023/24 Immediate Audited FY

Y1 = 2024/25 Adjusted Budget

Y2 = 2025/26
Tariff calculation

Y3 = 2026/27



DATABASE PERFORMAN

ASSURING PERFORMAN

OFFICE OF THE CY PHYSICAL CONSISTENCY OF THE CYCLE REDUNDANCY NTAINING ENTITY RECORD

Cost-Reflective Tariffs Model: MFMA C129

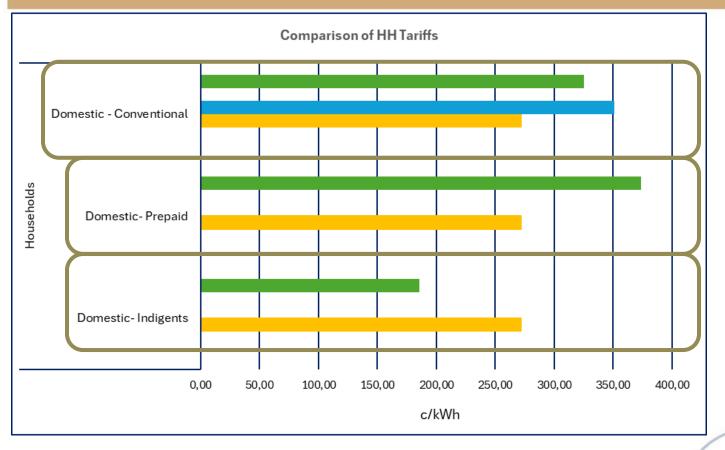


	В	С	D	E	F	G H	1	J K	L M	N	O P	Q	R S
1 2 3 4	national treasury Department National Treasury Republic of South AFRICA		Version 2019.2										
5 6 7	Use			Enter Municipal					name of the municipa		the tariffs are b	eing set.	
9 10 11	Reven	ue		Enter base year Enter year tariff					r for which base data		set.		
12 13 14 15	Expendi	ture											
16 17 18	Surplu	ıs											
19 20 21 22	Reveni require												
<	>	Main me	enu	User instructions	Revenue	Expenditure	Surplus	Revenue required	1 Customer data	1 Water	1 Sanitation	1 Electricity	1 Solid waste



Benchmarking of electricity tariffs: c/kWh





Tariff Structure/Breakdown



		Proportion	ltem	c/kWh	c/kWh
	c/kWh	60%	Purchases	224,28	
	185,80	15%	Salaries	56,07	
DOMESTIC	373,80	10%	Dep	37,38	373,8
	325,00	10%	R&M	37,38	
		5%	Materials	18,69	

/iter
ncrease,
argeted in

		Proportion	ltem	c/kWh	c/kWh
	c/kWh	60%	Purchases	163,128	
	271,88	15%	Salaries	40,782	
DOMESTIC	271,88	10%	Dep	27,188	271,88
	271,88	10%	R&M	27,188	
		5%	Materials	13,594	

Outcomes of Cost of Supply Study



	RATE COMPA	ARISON							REVENUE CO	MPARISON	
	New rates for Year 2 (dashboard) (Wires+Retail)					Existing rates in Year 1 (Wires + Retail)					
	Standing charge	Average demand rate	Average energy rate	Total average rate	Standing charge	Average demand rate	Average energy rate	Total average rate	Revenue from new rates	Revenue from existing rates	
Customer Categories	Rand/month	Rand/kVA/month	cR/kVh	cR∦kWh	Rand/month	Rand/kVA/month	oR/kVh	∘RłkVh	R million	R million	
Domestic (pre-paid)	45	180	150	221	-	-	221	221	81,8	81,8	
Domestic (conventional)	60	179	151	265	-	-	221	221	8,6	7,2	
Agriculture	504	138	154	201	241	22	191	201	6,9	6,9	
Mining & quarrying	-	-	-	-					-	-	
Manufacturing / Industrial	592	164	181	226	1 866	200	165	226	53,1	53,1	
Commercial (pre-paid)	159	185	200	284	-	-	284	284	14,2	14,2	
Commercial (conventional)	148	142	155	201	81	22	191	201	20,3	20,3	
				0			1		2		
		Unit Year 0				Year 1			Year 2		
Energy balance											
Sales		kWh			62 317 458		78 79	2 834	82 515 719		
Non-Eskom Power Purchases		kWh			-			-		-	
Eskom Power Purchases	kWh			83 312 916			105 285 556			115 299 484	
Total Energy Requirements	kWh			83 312 916		105 285 556		85 5 56	115 299 484		
	:					·					
Technical losses	kWh kWh			5 384 541		6 804 640		04 640	17 172 849		
Non-technical losses	<u> </u>		15 610 917			19 728 082			15 610 917		
Total losses	! :	kWh			26 532 722			32 783 765			
Total losses	9		25%	25%			28%				
Allowed losses	 %	of total		12%		 I	12%		12%		
Allowed losses	:	kWh			9 997 550	:	12 63	4 267		13 835 938	

Accurate, credible & Reliable Data



Revenue base

- Location
- Property value
- Usage
- Category
- Registered ownership

Property data

Metered services

Trading services

- Meter location
- Prepaid/smart/ conventional
- Regular reading
- Accurate billing
- R & M
- Loss management

Customer

- ID No.
- Names & Surname
- Account No.
- Physical & Postal address
- cell phone
- Email address
- Indigent status
- Alive/deceased

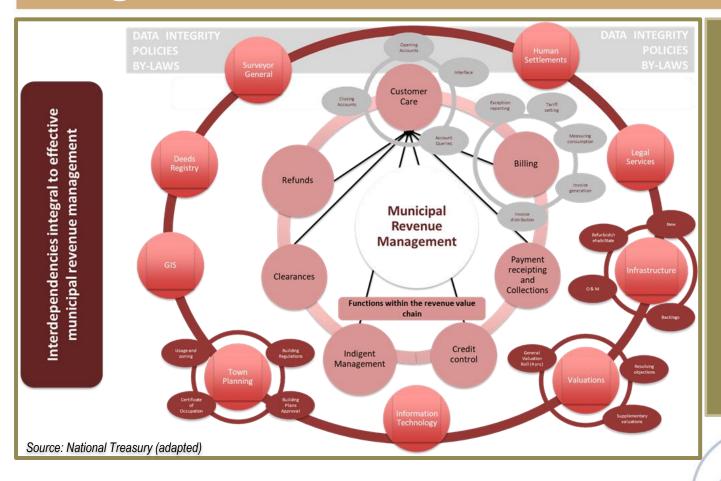
Customer data Service delivery

Service delivery

- Communication
- Awareness
- Consistent delivery of services
- Timely query resolution
- Timely distribution of accurate account/billing information

Integrated Revenue Value Chain





LET'S CONNECT





23 APRIL 2025







Zolani Zonyane, Public Finance Management

Add verification badge

Advisory | Cocreation | Board Chairperson | #Governance | Project Management | Leadership | Integrated Revenue Management | Cllr Development & Support | Municipal Recovery Plans | #IDP | Budgeting | Reporting | INTJ



USB



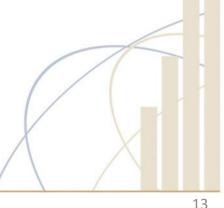












Insights, Thoughts & Contributions



