



**MINISTRY**  
**ELECTRICITY AND ENERGY**  
**REPUBLIC OF SOUTH AFRICA**

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**Memorandum from the Parliamentary Office**

**National Assembly:2325**

Please find attached a response to the Parliamentary Question for **written reply** asked by **Mr E V Baptie (DA)** to ask the Minister of Electricity and Energy

**Recommended/ Not Recommended**

**Mr. Subesh Pillay**  
**Interim Director-General: Electricity and Energy**

Approved /  Not Approved

**January 8, 2025**

**Dr. Kgosientsho Ramokgopa**  
**Minister of Electricity and Energy**

Approved /  Not Approved

**January 8, 2025**

★2325. **Mr E V Baptie (DA) to ask the Minister of Electricity and Energy:**

(1) Noting that the cost of electricity has become unaffordable for many citizens and that electricity pricing is facing severe upward pressure from legacy costs arising from state capture and corruption, what is the current cost per kilowatt-hour (kWh) for energy generated by (a) Eskom and (b) independent power producers in the Renewable Energy Independent Power Producer Procurement Programme;

(2) how does Eskom's current cost of generation per kWh compare to its performance over the past 20 years, taking inflation into account

**Reply**

**1. Current Cost per Kilowatt-Hour (kWh):**

**(a) Eskom:**

Eskom's tariffs for direct customers increased by 12.74% for the 2024/2025 period. While specific per-kWh costs vary based on customer category and usage, residential customers consuming 600 kWh per month are now paying approximately R1,491.06 monthly, equating to about R2.49 per kWh.

**(b) Independent Power Producers (IPPs) under the REIPPPP:**

The Renewable Energy Independent Power Producer Procurement Programme (REIPPPP) has successfully reduced renewable energy costs over successive bid windows. Recent data indicates that solar photovoltaic (PV) projects have achieved prices as low as 56 cents per kWh, and onshore wind projects at approximately 62 cents per kWh.

**2. Eskom's Generation Costs Over the Past 20 Years:**

Over the past two decades, Eskom's cost of electricity generation has risen significantly, influenced by factors such as infrastructure investments, maintenance of ageing plants, fuel costs, and operational expenses. When adjusted for inflation, these costs have escalated, contributing to higher tariffs for consumers. For instance, in 2014, a typical Eskom customer using around 800 kWh per month paid approximately R1,055.40. By 2024, the same consumption costs about R2,948.98, reflecting both nominal increases and underlying cost pressures.

### **Efforts to Reduce Inflationary Pressure on Consumers:**

The Ministry of Electricity is actively working to reduce the inflationary pressure on end consumers through various initiatives. One of the key interventions under consideration is the review of the Free Basic Electricity (FBE) policy, which currently provides 50 kWh of free electricity per month to indigent households. The Ministry is exploring an increase in the allocation to between 150 and 200 kWh, ensuring that more households can meet their basic energy needs without additional financial burden. Simultaneously, the Ministry is driving efforts to expand the use of cost-effective renewable energy through the REIPPPP and support Eskom's operational efficiency improvements to mitigate rising costs.

Another mechanism to empower consumers is the use of the Inclining Block Tariff (IBT) structure. Under this model, electricity prices are tiered, with lower consumption levels being charged at a lower rate per kilowatt-hour and higher levels of consumption charged at progressively higher rates. This structure encourages energy efficiency and allows households to manage their electricity usage within their affordability levels. For example, households consuming below the lowest threshold can keep their electricity costs significantly lower, incentivizing responsible energy consumption. This system, coupled with FBE allocations, ensures that vulnerable households are protected while promoting sustainable electricity use across all income levels.

By implementing and reviewing these measures, the Ministry aims to alleviate the financial burden on households while maintaining a fair and equitable energy pricing framework that supports both consumers and the sustainability of the electricity sector.

### **Eskom's Financial Recovery Plan and Containment of Tariffs:**

The **Eskom Financial Recovery Plan** is a cornerstone of efforts to stabilise the utility's financial position and restore its capacity to operate sustainably. A key component of the plan is the significant reduction of Eskom's debt burden through government-backed initiatives and operational efficiencies. By addressing legacy debt stemming from historical inefficiencies and corruption, the plan will allow Eskom to re-enter the debt capital markets in a much stronger financial position. This improved standing will enable Eskom to secure funding at lower interest rates, thereby reducing the overall cost of borrowing. Lower financing costs directly translate to the containment of Eskom's cost-reflective tariff, ensuring that electricity prices remain within the affordability limits of end consumers. Ultimately, this strategic focus on

financial stability will not only restore Eskom's credibility with investors but also alleviate upward pressure on tariffs, creating a more sustainable electricity supply environment for all South Africans.