



COMMENT ON ESKOM'S 2018/19 REGULATORY CLEARING ACCOUNT (RCA) APPLICATION



TOWARDS THE CREATION OF A JUST, EQUITABLE AND
PROSPEROUS SOCIETY

E-mail: info@limag.co.za

Tel: 015 307 2725

Cell: 082 831 9168

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Ms Lehuma Masike

National Energy Regulator of South Africa (NERSA)

526 Madiba Street

Arcadia,

Pretoria

via email: mypd@nersa.org.za

Re: **COMMENT ON ESKOM'S 2018/19 REGULATORY CLEARING ACCOUNT (RCA) APPLICATION**

AGRI LIMPOPO

Agri Limpopo is a federation of farmers' associations located across Limpopo.

Through its affiliated membership, Agri Limpopo represents a diverse grouping of individual farmers regardless of gender, colour or creed.

We aim to protect and advance the interests of our members and of agriculture as a whole within the province.

This submission is made on behalf of Agri Limpopo, its affiliated associations and their member farmers.

CONTEXT

Agriculture in Limpopo has over the past few years been confronted with numerous challenges, including devastating drought conditions, sustained above inflation increases in electricity tariffs and outbreaks of Foot and Mouth Disease, amongst other factors, all of which has forced some farmers out of business and left others facing enormous financial constraints.

Our sector continues to face rising input costs.

Electricity is a key production input for the agricultural sector and increased tariffs will undoubtedly have a severe impact on the agriculture in Limpopo and its ability to contribute to economic growth and a reduction in unemployment, poverty and inequality.

This is particularly so with respect to irrigation-reliant and energy-intensive sectors such as horticulture, dairy, poultry, grains and the agro-processing industry.

The current trajectory of rising electricity tariffs over many years is unsustainable for the economy as a whole and for agriculture in particular.

Further increased electricity tariffs (on top of years of above-inflation and unsustainably high increase) will only add further unnecessary pressure to an already constrained operating environment for the agricultural sector.

In our view Eskom's business model is no longer sustainable. The real solution lies in the radical reformation of the entire electricity sector.

Agri-Limpopo's Recommendation

Considering the above, we recommend that Eskom's RCA application not be approved as:

- The Agricultural sector can no longer sustain sustained above-inflation electricity tariff increases.
- The proposed increase will negatively affect the agricultural sector which is already under pressure.
- Eskom's business model is broken and no longer sustainable.
- The real solution lies in the radical reformation of the electricity sector.

Public Hearings

Agri Limpopo wishes to make further representations to you during your Public Hearing process.

Yours in Agriculture



Deidre Carter
CEO Agri Limpopo

