OUTA

ORGANISATION UNDOING TAX ABUSE

19 September 2022

Comments on Eskom's Fifth MYPD Revenue Application for the 2023/24 and 2024/25 Financial Years

Submission to The National Energy Regulator of South Africa

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1. INTRODUCTION

1.1 The Organisation Undoing Tax Abuse ("OUTA") is pleased to be considered as a valuable stakeholder in energy related matters that widely affect the public interest.

1.2 By way of introduction, OUTA is a proudly South African non-profit civil action organisation, comprising of and supported by people who are passionate about improving the prosperity of our nation. We envision a prosperous country, with an organised, engaged and empowered civil society that ensures responsible use of tax revenues.

1.3 Part and parcel to OUTA's mission is the challenging of legislation and regulatory environment, this includes participating and engaging with government on the review of the methodology utilised in the Multi-Year Price Determination ("MYPD").

1.4 OUTA has submitted on various tariff related processes, more particularly over the last few years. This includes a submission into the MYPD4, a series of Regulatory Clearing Accounts ("RCAs") and more recently a submission into the National Energy Regulator of South Africa's ("NERSA's") attempt to amend the MYPD tariff methodology. This submission is informed by our previous submissions, and where relevant, our contentions made therein are repeated here.

1.5 OUTA aims to critically comment on the application made by Eskom Holdings SOC Ltd ("Eskom"), from a civil society perspective. Our aim is to ensure that Eskom, which has suffered considerably from the era of state capture, also appears to assume a captive market where consumers must accept whatever tariffs are proposed by Eskom.

1.6 OUTA is concerned by the slow recovery of the South African economy after COVID-19. Understanding that Eskom is solely owned by the South African government, some of the proposals put forward by Eskom, in its revised tariff application, might be reasonable for a private company but makes no sense if they will undermine the public interest. In our view, Eskom, as a state-owned entity, should be acting in the public interest, which is providing electricity to South African households and to help drive and stimulate the economy.

1.7 In this regard, NERSA's role is to regulate entities such as Eskom and to ensure that consumers receive a fair deal, in turn curbing exorbitant escalations in electricity tariffs.

1.8 According to NERSA's consultation paper on the MYPD5, its actions are guided by, amongst others, the Electricity Regulation Act, 2006 ("ERA"), the Electricity Pricing Policy ("EPP") and the relevant regulatory framework.

1.9 In a consultation paper of February 2022, NERSA outlined the potential factors which could lead to approximately 50% increase in Eskom's price increases, as illustrated in the table below.

Table 8.1-1 - Interim Eskom MYPD5 tariff application

Eskom's FY 2022/23 MYPD 5 tariff increase	
R'm	**2022/23**
FY 2022/23 Revenue application as applied	279 018
MYPD 3 RCA (Yr 2,3,4)	7 776
RCA arising (2018/19)	6 150
Approved STPPP	742
2019/20 RCA	3 461
2020/21 RCA As applied	10 720
Government injection	46 000
Total Revenue from standard customers	353 867
Sales Volumes(GWh sold)	171 549
Production Volumes (GWh sent out)	180 475
Price bases on sales volumes	206,28
Price bases on Production volumes	**196,08**
Percentage Price Increase based on sales	***54,35%***
Percentage Price Increase based on production	**49,6%**

1.10 In the current MYPD5 application (Round 2), NERSA has presented the following *pro forma* tariff calculations:

Table 2: : Eskom MYPD5 pro forma tariff calculations

R'm	2023/24	2024/25	Notes
Categories			
Revenues as applied	317 696	347 299	a
2019/20 RCA Approved	3 461		b
2020/21 RCA as Applied	10 645		c
Government Injection	15 000	15 000	d
Total Revenue from standard customers	346 802	362 299	
Volumes	171 440	170 370	e
Price	202,29	212,65	
Percentage Price Increase	***38,10%***	***5,12%***	

1.11 The original MYPD5 submission from Eskom contained the following table:

MYPD5 Revised Summary Table:

Allowable Revenue (R'millions)	AR	Formula	Application FY2023	Application FY2024	Application FY2025
Regulated Asset Base (RAB)	RAB		1 258 217	1 243 124	1 229 014
WACC %	ROA	X	-1.20%	1.22%	1.88%
Returns			- 15 060	15 175	23 166
Primary energy	PE	+	86 486	87 191	92 904
International purchases	PE	+	4 589	4 878	5 157
IPPs	PE	+	52 664	69 495	79 991
Environmental levy	L&T	+	7 012	6 594	6 243
Carbon tax	L&T	+	2 717	10 715	10 557
Arrear debt	E	+	5 666	6 511	7 110
Operating costs	E	+	66 690	63 115	65 852
Research and Development	R&D	+			
Depreciation	D	+	68 254	71 001	74 214
Eskom Allowable revenue			**279 018**	**334 676**	**365 195**
Add: Approved RCA's for liquidation	RCA		14 412	-	-
MYPD5 Allowable revenue including RCAs	R'm		**293 430**	**334 676**	**365 195**

1.12 The revised assumptions table provided by Eskom for this round of public hearings contains no explanation as to the reasons for any changes. However, it does contain a revised table as illustrated below.

TABLE 1: ALLOWABLE REVENUE APPLICATION FOR MYPD5 PERIOD

Allowable Revenue (R'm)	AR	Formula	Application FY2023	Application FY2024	Application FY2025	Post Application FY2026	Post Application FY2027
Regulated Asset Base (RAB)	RAB		1 263 247	1 254 636	1 246 151	1 256 395	1 261 675
Return on assets %	ROA	X	0.01%	0.69%	0.87%	1.65%	3.04%
Returns			126	8 682	10 879	20 668	38 292
Returns adjustment to -1,99% RoA in FY2023 to get a 20,5% price increase (i.e customer subsidy)		+	(25 278)	-	-	-	-
Returns applied for			(25 151)	8 682	10 879	20 668	38 292
Primary energy	PE	+	79 627	78 804	84 170	85 462	91 206
International purchases	PE	+	4 589	4 878	5 157	5 466	5 794
IPPs	PE	+	70 019	85 321	101 807	124 128	133 616
Environmental levy	L&T	+	6 610	6 243	5 906	5 451	5 362
Carbon tax	L&T	+	2 714	10 121	10 099	9 680	10 052
Arrear debt	E	+	5 666	6 511	7 110	7 802	8 541
Operating costs	E	+	66 690	63 115	65 852	70 327	72 251
Research and Development	R&D	+	-	-	-	-	-
Depreciation	D	+	68 254	71 001	74 214	71 455	72 447
MYPD5 Allowable revenue			**279 018**	**334 676**	**365 195**	**400 437**	**437 562**
Add: Approved RCA's for liquidation	RCA		14 412	-	-	-	-
MYPD5 Allowable revenue including RCA decision already made	R'm		**293 430**	**334 676**	**365 195**	**400 437**	**437 562**

NOTE: RESEARCH AND DEVELOPEMNTS COSTS ARE INCLUDED IN OPERATING COSTS

2. ADJUSTMENTS

2.1. We note that Eskom has provided no explanation for the adjustments. An inquiry to NERSA received the response that NERSA has no additional information.

2.2. In this regard, OUTA requests clarity on how Eskom could submit an adjusted table of assumptions, which contain substantial increases in costs in some areas and substantial reductions in costs in other areas and yet, there is no explanation or reasons supplied. Eskom has not submitted an additional MYPD5 submission - it also seems that NERSA has not requested one. This makes it extremely difficult for the public to comment on the amended assumptions.

2.3. It should also be noted that the costs for primary energy and Independent Power Producers (“IPPs”) have significantly altered between the original and the adjusted revenue assumptions. Yet, the total Eskom Allowable Revenue remains exactly the same, which is difficult to comprehend.

3. RETURNS

3.1. The issue of returns to the shareholder is contentious. As we submitted in our original MYPD5 submission, Eskom put forward much reduced returns but for this revised MYPD5, Eskom envisages a much greater loss for 2023 (R15060'm) but then envisages a greater return in 2024 and 2025, of R15175'm and R23166'm respectively. In essence, it appears that part of Eskom's rationale for its tariff application is a desire to pay profits to government. However, the resulting hardship to the poor and vulnerable sectors and to the economy if the tariffs are raised seems likely to result in an increased call on the fiscus to provide social grants. So, in essence, by insisting on paying government their pound of flesh, the public's interest is not served.

3.2. Eskom's response to price elasticity appears to confuse rather than elucidate. Eskom acknowledges rapid increases in electricity prices over recent years, but then refers to a 30-year study to claim that *"electricity demand has remained price inelastic"*. Eskom then acknowledges *that "that is primarily on the back of a lack of viable substitutes"*, refers to the Integrated Resource Plan ("IRP") to try to justify its price path and further acknowledges that it is *"common cause that as the electricity price increases, some segments of demand may be lost".*

3.3. Some 27% of children in South Africa under the age of 5 are severely malnourished *"eroding their physical health and cognitive development and undermining their education and economic prospects."* (South African Child Gauge 2020 by UCT Children's Institute). Eskom appears quite callous in its contention that *"this speaks to the welfare and affordability considerations in the country. However, these considerations must be balanced with the need to recover efficient costs in order to make electricity available in the first place".* In essence what OUTA takes from this is that Eskom is not focused on providing electricity to enable all South Africans to prosper but is only focused on providing electricity to those wealthy enough to pay the ever-increasing tariffs.

3.4. According to Eskom's strategic intent statement, Eskom is to *"ensure that Eskom remains a critical and strategic contributor to government's goal of ensuring security of electricity supply to the country, and enabling economic growth and prosperity".*

3.5. We contend that insisting that the shareholder receives a return at this time undermines any attempt by government to *"enable economic growth and prosperity".*

3.6. In this regard, the adjusted return in questions should be disallowed, considering the state of the South African economy and the fallout of post-COVID-19. We further contend that it is in line with NERSA's mandate to disallow this increase.

4. PRIMARY ENERGY AND IPPS

4.1. These amounts have increased but there is no explanation provided for the increase. We assume that as with previous MYPD applications, the cost of procuring adequate coal supplies is the reason, however in the absence of a proper explanation, it is not possible to comment.

4.2. In its earlier generation application document, Eskom acknowledges that *"Primary energy costs are under severe pressure due to the coal sourcing environment".* This is explained partly by the international market for low quality coal which was not in demand before. However, given the shortage of coal, Eskom does not propose alternatives but simply states, *"…and significant capital expenditure is required in the cost plus mines to ensure the continued supply of reasonably priced coal that is assumed in this application"*. OUTA believes that given the corruption that has occurred in the coal procurement for Eskom, that NERSA should scrutinise these supply plans robustly.

4.3. It has been reported in the media that Europe is increasing its coal imports from South Africa, *"In the first five months of this year, European countries imported more than 3 million tonnes of coal from South Africa. This is over 40% more than the total volume in 2021".* It is not clear how this impacts Eskom's ability to obtain sufficient coal to service its coal fleet but if the demand increases, it is likely that Eskom will return to NERSA once again to ask for further tariff increases. It is unclear what measures NERSA are asking of Eskom to contain these rising costs. Failure to plan to contain rising costs is not efficient or prudent.

4.4. it is important to note that of the R279 018 million of Eskom MYPD5 costs, R235 491 million (excluding RCAs) is allocated to generation. This is 84% of the Eskom MYPD5. This remains the same in the adjusted MYPD5.

4.5. However, in the adjusted MYPD5 assumptions, the primary costs of coal are increased by R6859 million (9%) while the costs of IPPs are reduced by R17 355 million, (-33%). There is no explanation of this change, nor any indication of such a trend in the original Eskom MYPD5 submission.

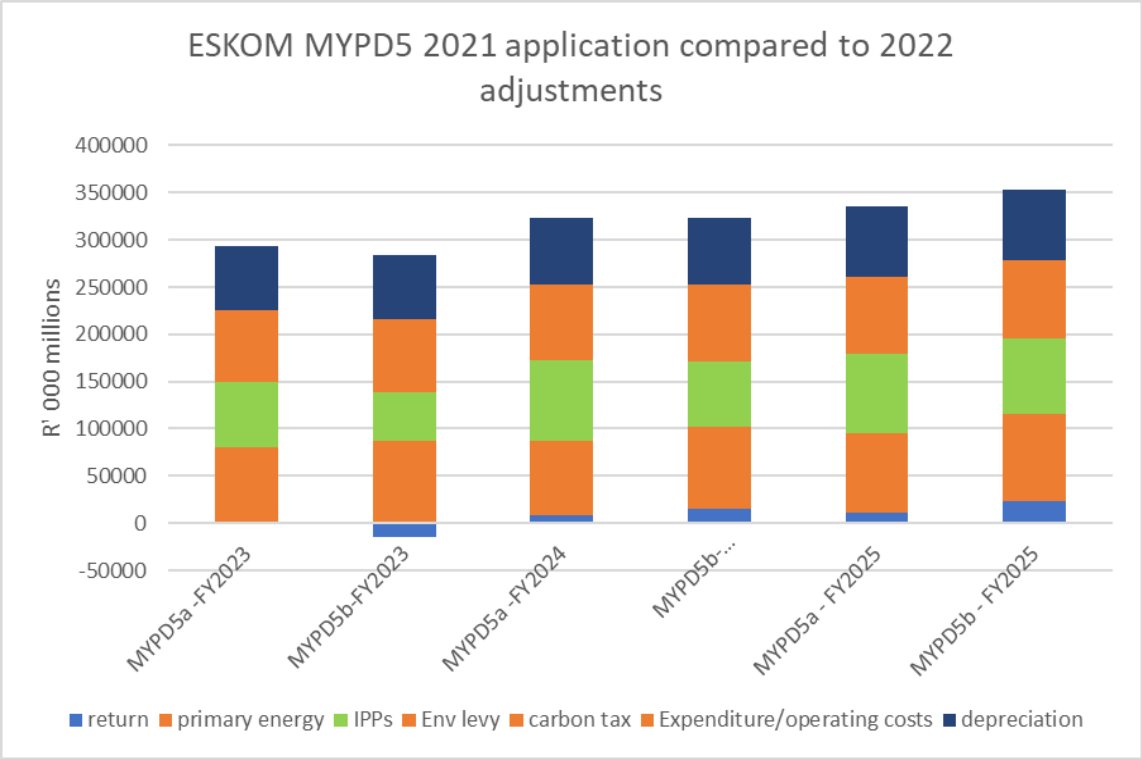
4.6. Without any explanation, it is not possible to conclude whether these adjustments are prudent and efficient.

5. COMPARATIVE COSTING

5.1. Eskom buys electricity from IPPs who are independent businesses with their own overheads and who sell their electricity to Eskom having ensured that not only the costs of energy production but also any additional costs are included in their tariffs. It is therefore not comparing apples with apples if we compare the costs of IPPs with the cost of primary energy in the Eskom application. Eskom's fleet is primarily coal based and therefore both the environmental levy and the carbon tax are costs associated with primary energy production. It is not somehow unrelated to Eskom's generation costs. In addition, Eskom's generation makes up 84% of the overall Eskom costs, which means that staff and any other expenditure labelled operating costs, should also be allocated to Eskom overall generation costs.

5.2. If we calculate all the coal associated costs and allocate such costs to Eskom's generation, then the proportion of IPP costs compared to Eskom generation costs looks very different.

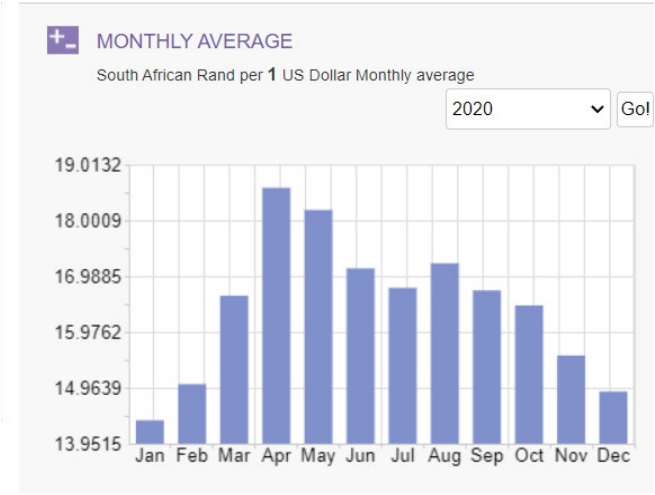
5.3. Figure 1 below shows what proportion of the tariff application is due to Eskom costs if we allocate environmental and generation expenditure to the Eskom fleet.

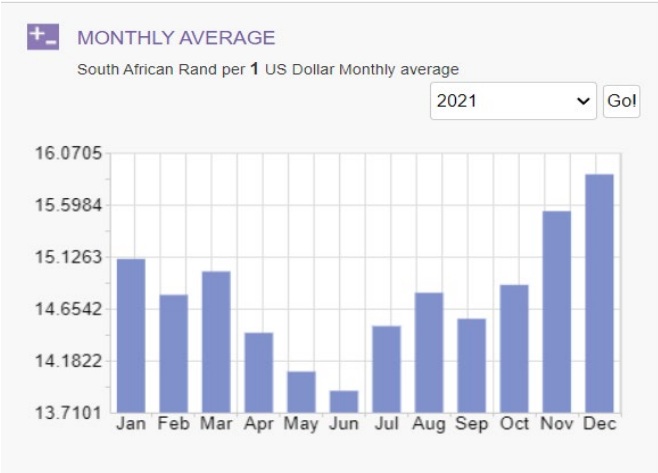


5.4. This graph shows the initial (MYPD5a) and adjusted (MYPD5b) assumptions for the three years (2023 to 2025). OUTA would urge NERSA to ensure that costs are allocated in a manner that enables a fair comparison rather than one that implies that IPP costs are somehow a burden that Eskom needs to bear. It should also be noted that the health costs and true environmental costs have not been included in Eskom's application. According to a 2017 report, the total costs associated with air pollution from Eskom's coal-fired power stations exceeds $2.3 billion per year.[1]

5.5. In addition, the generation submission compares the costs of different generation options but uses different calculations for different technologies. For example, storage costs are presented at an exchange rate of R18 per USD which is justified as an average of 2021 dollar range exchange (page 91 of Generation Licensee Submission), but a rapid appraisal of the exchange rate for 2021/2020 shows that there was only one or two dates that the exchange rate rose about R18 per USD. See the graph below:[2]

[1] https://cer.org.za/wp-content/uploads/2017/09/CER_HPA-Infographic-web.pdf
[2] https://www.x-rates.com/average/?from=USD&to=ZAR&amount=1&year=2021





5.6. For nuclear fuel, the assembly prices are the average prices of the fuel assemblies delivered to Koeberg during that financial year (page 96 of the Generation Licensee Application). For other technologies, Eskom uses an exchange rate approved by National Treasury, but does not provide the actual numbers. *"The price of the diesel is subject to the international USD price of Brent crude oil and the ZAR/USD exchange rate"*, but no figures are provided.

5.7. The effect of using different exchange rates for example could be to inflate the costs of one technology over another, manipulating the results of the analysis to favour one technology. This could then influence Eskom's management to invest in more costly technologies on the basis of flawed information. Over time, this means that consumers are forced to pay for more expensive power stations.

6. DEAD STOP DATE

6.1. *"Coal stations* are *assumed to be shut down in line with their 50 year life assumption unless a dead stop date has been determined. A dead stop date is where the unit requires significant interventions, especially requiring a large Capex input, before it can continue to operate".*

6.2. It is not clear from the Eskom submission which power stations have reached this dead stop date. Then once this has been established, it is unclear whether NERSA would then disallow any further refurbishments to be included in allowable revenue.

6.3. *It* is common cause that Koeberg's licence expires in 2024 which one assumes would be in line with its life assumption. Eskom's decision to extend the life of Koeberg was premised on a capex of R20bn in 2010, with the steam generators replacement being R5 billion of that.

6.4. *According* to media reports, Koeberg was taken offline for refurbishment in February 2022, for a planned 155-day outage, planned to be back online by end of June 2022. The deadline was adjusted to mid-July 2022 due to defects picked up in commissioning. It was changed again to the end of July 2022 after additional technical issues. Unit 2 finally returned to service on 7 August 2022, without the major refurbishment having taken place. The building housing the radioactive steam generators was not completed by the time the refurbishment was to take place and the project has been deferred.

6.5. *Due* to Eskom's ineptitude, the refurbishment was unable to take place, and Eskom has no doubt incurred a penalty, but the extent has not been revealed. The Koeberg Power station was returned to service on 7 August 2022, then taken offline due to operational issues on 19 August 2022. The latest outage took place on the 3 September 2022. Each outage presumably requires additional expenditure to return the unit to service.

6.6. *It* is unclear to us at what point Koeberg would reach its dead stop date.

6.7. We submit that NERSA needs to interrogate the nuclear expenditure to ascertain that it is not wasteful or inefficient. We further submit that any wasteful or fruitless expenditure incurred as a result must be deducted from allowable revenues.

7. REGULATORY ASSET BASE ("RAB")

7.1. *According* to Eskom, *"The RAB valuation was undertaken by an independent entity that has international experience in the realm of asset valuation for large infrastructure companies. As required by the MYPD methodology, the determination of the regulatory asset base value is based on the costs to replace these assets (i.e. Modern Equivalent Assets Valuation (MEAV)) and adjusted for the remaining life and any relevant forms of obsolescence"*.

7.2. What is not clear in this explanation is if the coal fired power stations are assumed to be replaced with new coal fired power stations or if the replacement is for electricity generation of the same capacity. With energy trends moving away from fossil fuels in the world, it would not be logical to use a simple replacement of coal power station.

7.3. *According* to a recent study, the indicative cost of various technologies are solar PV at R16.5 million/ MW; Wind at R18.8 million/ MW and SSEG at R12.0 million/ MW. This is in comparison with projected costs of new coal fired power stations. Kusile and Medupi were scheduled to cost R163 billion, but costs have ballooned to about R464 billion for a combined 9600MW of coal power stations.

7.4. *Should* Eskom choose to value its asset base using the most expensive technology rather than the replacement value for more efficient renewable technologies, the portion of the tariff associated with the RAB would be inflated, and in our view, it is not fair for NERSA to allow such a cost to be passed on to consumers. For example, according to the US Energy Information Administration, Annual Energy Outlook 2022, the overnight costs of supercritical coal is $4 074/kw while for solar PV with storage it is $1748/kw.[3]

[3] www.eia.gov/outlooks/aeo/assumptions/pdf/table_8.2.pdf.

8. IMPLICATIONS OF RECENT COURT JUDGMENT

8.1. *In* the revised MYPD5 application, the result of the court order of June 2022 means that an additional R15 billion must be added per year to cover the government injection. Each time Eskom applies for an increase, the numbers change, the price increase requested is significant and given the circumstances of South Africa's social and economic challenges, it cannot be in the consumer's interests.

8.2. *Each* of Eskom's application appears to apply the same logic to justify the increase. We therefore submit that there are certain principles/ assumptions that must be applied no matter what the numbers.

9. A PRINCIPLED APPROACH

9.1. Eskom narrowly focused on section 15a of the ERA without considering the objects of the Act, which reads as follows:

"2. Objects of Act.—The objects of this Electricity Regulatory Act (2006?) are to—
(a) achieve the efficient, effective, sustainable and orderly development and operation of electricity
supply infrastructure in South Africa;
(b) ensure that the interests and needs of present and future electricity customers and end users are safeguarded and met, having regard to the governance, efficiency, effectiveness and longterm sustainability of the electricity supply industry within the broader context of economic energy regulation in the Republic;
(c) facilitate investment in the electricity supply industry;
(d) facilitate universal access to electricity;
(e) promote the use of diverse energy sources and energy efficiency;
(f) promote competitiveness and customer and end user choice; and
(g) facilitate a fair balance between the interests of customers and end users, licensees, investors in the electricity supply industry and the public."

9.2. *Increasing* the tariffs by 30% or more cannot facilitate universal access nor ensure that the needs of current and future generations are met, particularly if Eskom requests revenue to continue to prop up outdated technologies and ageing infrastructure.

10. COMPARING APPLES WITH ORANGES

10.1. *As* we have described above, Eskom's primary energy costs are not directly comparable with IPP costs. In addition, there are environmental costs that are directly attributable to coal generation. NERSA needs to analyse Eskom's applications and ensure that the public are asked to comment on costs that are directly comparable.

11. MEANINGFUL PUBLIC PARTICIPATION

11.1. *Eskom* has submitted an amended table of assumptions without any explanation as to why the numbers are different. NERSA has admitted that they have no further information. We submit that public participation cannot be a tick box exercise and in commenting on the limited information provided by Eskom and NERSA, our right to meaningfully participate and comment is compromised.

11.2. *We* further contend that should NERSA allow Eskom an opportunity to respond to deviation proposals by NERSA, such Eskom responses need to be made public with any consultation paper in order for the public to be able to comment meaningfully.

12. SHIFTING METHODOLOGY

12.1. It is common cause that NERSA is in the process of developing a new methodology which will need to be applicable to a different electricity supply industry, one that is much more distributed, and which contains prosumers as well as consumers. In our view, a new methodology that is rushed to meet an artificial deadline could be counterproductive. We contend that the benefits of using the old methodology for one more year outweighs the potential risks of approving a new methodology that is found not fit for purpose.

12.2. However, the need to include additional revenues as per the various court outcomes must still be considered by NERSA who should have the discretion to spread such revenues over a longer time period in order to reduce the impact on the consumer.

13. SPECIFIC STAKEHOLDER QUESTIONS

13.1. NERSA has posed a number of specific questions. We submit that the paragraphs above contain our responses to the specific questions but presented in a more integrated and holistic narrative. We submit that NERSA draws from our responses above in order to gain our answers to the questions. However, in certain questions, we have elaborated below:

13.2. ***Ad* Stakeholder Question 1 a):**

Stakeholder are requested to Comment on the 2023/24 and 2024/25 financial years of the Eskom application, attached as Annexure A.

OUTA's response:

Kindly refer to paragraphs above.

13.3. ***Ad* Stakeholder Question 2 a):**

What discretion does NERSA have on the treatment of coal costs?

OUTA's response:

NERSA needs to ensure that Eskom's plan to provide affordable electricity also includes a plan to transition away from coal and to contain coal costs as it does so. Also, refer to earlier paragraphs.

13.4. ***Ad* Stakeholder Question 2 b):**

What discretion does NERSA have on the treatment of operating costs, in particular workforce costs?

OUTA's response:

Kindly refer to the paragraphs above. The staff costs of generation need to be allocated to generation and not presented as Eskom's operating costs separate to the generation fleet.

13.5. ***Ad* Stakeholder Question 2 c):**

Is there any discretion that NERSA has on the regulatory assets base?

OUTA's response:

Kindly refer to the paragraphs above.

13.6. ***Ad* Stakeholder Question 2 d):**

What discretion does NERSA have on sales forecasting?

OUTA's response:

Eskom admits that its methodology for sales forecasting is to ask its customers what they predict they will need. However, customers are not incentivised to be accurate or disincentivised from being inaccurate. NERSA needs to insist that Eskom be responsible for its sales forecasts and that if Eskom is wrong by a margin of more than 5%, then no further increases will be granted. This might contain costs at the RCA applications initially, but this should then increase accuracy going forward.

13.7. ***Ad* Stakeholder Question 2 e):**

How should NERSA deal with the issue of fraud and corruption given that this is a forward looking application?

OUTA's response:

NERSA has provided some indicative figures of Eskom's admitted fraud and corruption of at least R5.2 billion. This is revenue that Eskom accrued from consumers and then misspent. Until and unless Eskom can guarantee it is corruption free, it would therefore make sense to deduct around R2.5 billion from their revenues given that it is likely that a similar amount of malfeasance could be uncovered this year.

13.8. ***Ad* Stakeholder Question 2 f):**

According to Eskom "The constraints, particularly financial, however, remain and this, together with the phenomenon of the ageing fleet, has contributed to the current availability of approximately 64% EAF. Generation's medium-term aspiration to achieve and sustain 72% availability for its Generation fleet, by reversing the overall trend, remains a challenge".

OUTA's response:

Eskom proposes a proportion of the tariff it charges to customers to be a fixed portion of the tariff. Part of such a tariff is supposedly to cover the costs of Eskom availability even if consumers don't use much electricity and pay low per kWh tariffs. Such fixed costs as charged by Eskom means people pay even if there is no electricity and loadshedding means Eskom makes money even if it provides zero electricity. This contradicts a principle of fairness. Given that Eskom's aspiration is only 72% availability, OUTA proposes that the fixed portion of any Eskom proposed tariff should be reduced to maximum of 72%, and allowed revenue adjusted accordingly. At the RCA stage, any improvements in the Energy Availability Factor ("EAF") could be considered for inclusion, but any reduction in availability would impact on Eskom's future revenues.

13.9. ***Ad* Stakeholder Question 2 g):**

Stakeholders are requested to comment on the imprudence/ inefficiency of Eskom and how such imprudence/inefficiency should be addressed.

OUTA's response:

OUTA has maintained that repeating the same mistakes is imprudent as Eskom must learn and plan to avoid such mistakes in the future. OUTA would suggest that previous experience be used to reduce allowable revenues in the future.

13.10. ***Ad* Stakeholder Question 2 h):**

On all the above how should NERSA exercise its discretion in this regard and specifically regarding this application?

OUTA's response:

As indicated in our earlier MYPD5 submission, OUTA calls on NERSA to grant a maximum of a consumer price index (CPI) tariff increase. If the economy is to recover from covid, electricity needs to be kept to an affordable level in order to be an economic enabler. Eskom's business interests cannot be allowed to jeopardise economic recovery and it is in Eskom's own interest to grow the economy in order to grow electricity sales. The calculations presented by NERSA outlining that Eskom receive increases of 38% this year cannot be acceptable at any time, never mind in the time of recovering from covid.