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'PROPOSED ESKOM TARIFF HIKE WILL HIT AGRICULTURE'

THE proposed Eskom tariff hike will hit the agricultural industry hard, the National Energy Regulator of South Africa (Nersa) heard yesterday.

"We cannot accept the amount that is on the table, we cannot absorb it!" Agri Wes-Cape CEO Carl Opperman told the Nersa board.

Opperman said food security in South Africa would be in severe jeopardy should the tariff hike be granted. He was addressing a Nersa panel which is considering input from the public on Eskom's application for a R22,8 billion adjustment for its

2013/2014 financial year. Should it be granted, it is expected to lead to a 17% electricity tariff increase.

The regulatory clearing account (RCA) application by Eskom is for cost recovery and revenue adjustments based on actual past variances and not a revenue application based on future estimates.

"The R255 million cost of electricity for the entire industry would increase dramatically," Opperman said. "We cannot support the RCA ... there are too many unanswered questions."

He said the industry would consid-

er an "inflation rate" increase.

Opperman highlighted the importance of the cold chain in the agricultural sector, whereby produce needs to be kept at specific temperatures at various stages in the production process. This process relies on electricity and is also susceptible to interruption during load shedding.

Opperman said load shedding had led to a 40% decline in the quality of maize crops, while the price for power remained unchanged.

Nersa is expected to make its decision by February 26. — Fin24.