

Nersa's proposed power price hike for solar users doomed from the start

Nersa's proposed electricity pricing methodology for solar users last year led to a significant backlash from the public as well as various energy industry stakeholders. Its proposed change in electricity tariffs could see solar power users paying up to ten times more for the electricity they use from the national grid.



Manie de Waal, joint-CEO of Energy Partners

Manie de Waal, joint-CEO of Energy Partners, notes that even Eskom has slammed the energy regulator's proposed pricing methodology. "Nersa believes that businesses and households that make use of solar generation throughout the day should pay a much higher tariff for electricity as a result of their fluctuating energy usage patterns.

More harm than good

"While it is true that our country is in need of solutions that can help us achieve a better balance between embedded renewable energy and traditional coal generation, Energy Partners (along with many other stakeholders) believe that the regulator's suggestion will do more harm than good. The new pricing methodology not only unfairly punishes consumers and businesses that want to reduce their reliance on the national grid, but will also dissuade others from attempting to reduce their energy footprint in the future."

He says that while there is merit in the principle issue that Nersa is trying to address, their proposal to categorise users based on their load profile is impractical and inconsistent with international trends. The industry disruption caused by renewable energy generation is not unique to South Africa.

"Renewable energy, and particularly embedded (i.e., renewable power generated onsite) generation, is an international trend. Many countries around the world are also looking for ways to balance this new model of self-generation with centralised grid tariff structures for the benefit of everyone. It is important to remember that even Eskom is very much in favour of solar energy adoption within the country. And even though embedded generation exposes the utility to additional operational cost increases in the short-term, the energy sector as a whole is working to find workable long-term solutions."



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Fair and balanced energy sector

Furthermore, the Nersa proposal flies in the face of President Cyril Ramaphosa's recent State of the Nation Address (SONA) in which he outlined the need for a competitive market for electricity generation and the establishment of an independent state-owned transmission company. "This shows us that government is also taking the notion of a fair and balanced energy sector very seriously, and is actively working towards getting there."

He says that while solar users are still facing so much uncertainty while the rest of the energy sector tries to adapt, evolving technology will continue to offer forward-thinking users practical solutions to their challenges.

“Headlines like ‘1000% increase in electricity tariffs for solar users’ does not help. The Nersa proposal is doomed from the start, and should not be entertained. More immediate action must be taken to come to a balanced solution that is equitable for all and aligned with global trends. This can only be achieved through close collaboration between the renewable industry and government,” concludes De Waal.

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