

Summary and Outcomes – NERSA Engagement Meeting

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<p>1 Purpose of meeting</p>	<ul style="list-style-type: none">• The session served as a formal engagement between AgriSA and NERSA to:<ul style="list-style-type: none">○ Present the impact of recent electricity tariff changes on agriculture.○ Discuss the market inquiry NERSA has initiated to assess these impacts.○ Identify potential avenue for collaboration, data sharing, and interim relief to affected agricultural sectors.• Both parties acknowledged the strategic need for fact-based, cooperative dialogue to balance agricultural sustainability with regulatory constraints.
<p>2 AgriSA Presentation: Key Issues and Evidence</p>	<ul style="list-style-type: none">• Context and representation:<ul style="list-style-type: none">○ AgriSA represents nine provincial affiliates, numerous commodity groups, and corporate members, covering most of South Africa’s commercial agriculture base.• Impact of tariff increases:<ul style="list-style-type: none">○ Sharp rises in electricity costs have occurred since April 2025, particularly under legacy, generation capacity, and network capacity charges.○ Time-of-use (TOU) shifts rom (1:6 tot 1:8 peak-t0-standad rations) have raised costs disproportionately for irrigation-dependant producers.○ Low-season off-peak tariffs increased by 27,6%, severely affecting irrigation planning.• Sector impacts:<ul style="list-style-type: none">○ Sugar sector: +32% cost increase on 250 kVA units; electricity now second-largest input cost after labour.○ Grain sector:<ul style="list-style-type: none">➤ Irrigation profitability down 11% overall despite stable yields.

	<ul style="list-style-type: none"> ➤ 15 t/ha zones (e.g. Northern Cape) see profit down 8%; 12 t/ha threshold now loss-making at current maize prices (-R4,200/t). ○ Smaller farmers and extensive producers on Land Rat 1-3 tariffs face fixed costs that can exceed 80% of monthly bills. • Food Security Risks: <ul style="list-style-type: none"> ○ Tariff shocks are shifting production away from staple crops (e.g. maize) to lower-water, higher-margin crops (e.g. pecan nuts), undermining national food security. ○ Irrigation based production (10% of area but -20% of maize yield) is at risk.
<p>4 AgriSA Requests and Proposals</p>	<ul style="list-style-type: none"> • Urgent Interim Relief – explore mechanisms to alleviate the impact on agricultural users during the 2025/26 season. • Review of TOU schedule – revert to the prior 1:6 ratio to restore balance between peak and standard tariffs. • Clarify Legacy and Capacity Charges – ensure these are not duplicative “taxes” but transparent reallocations. • Tie tariff approvals to efficiency reforms within Eskom. • Formal inclusion of agriculture as a distinct customer segment in the NERSA market inquiry. • Provide template and guidance for sector data submission (load profiles, invoices, tariff categories, etc.).
<p>5 NERSA Response and Commitments</p>	<ul style="list-style-type: none"> • Market Inquiry Process: <ul style="list-style-type: none"> ○ NERSA confirmed that it has formally launched the market inquiry to study tariff impacts across sectors. ○ Objective: an evidence-based, quantitative assessment of unintended effect from recent tariff restructuring. ○ Inquiry not aimed at sanctioning Eskom, but rather understanding sectoral impacts. • Data Collaboration: <ul style="list-style-type: none"> ○ NERSA requested one year’s worth of consumption and billing data (FY 2024/25 and 2025/26) from AgriSA members. ○ A standardised spreadsheet will be sent (via Phumla) to Jolanda for coordinated sector submissions. ○ Data will inform quantitative modelling of cost variances and impact analysis.

	<ul style="list-style-type: none"> • Relief Possibilities: <ul style="list-style-type: none"> ○ Short-term-changes are difficult: tariffs are administratively fixed for 12 months, and NERSA cannot self-review a tariff decision under the Electricity Regulation Act. ○ Potential relief could only emerge after completion of the inquiry and via Eskom applications of future-year tariff revisions. ○ However, NERSA staff committed to recommending appropriate regulatory action once evidence support it. • Timeline: <ul style="list-style-type: none"> ○ Inquiry is under time pressure; analysis will begin as soon as sufficient data is received. ○ No definitive date yet for outcomes or implementation of relief.
<p>6 Sector Inputs and Discussion Highlights</p>	<ul style="list-style-type: none"> • Grains SA (Corné Louw): <ul style="list-style-type: none"> ○ Irrigation-based maize is foundational to food security. ○ Farmers can switch to other crops within a season, but permanent crop conversion (e.g. pecans) required 7-8 years and high capital. • Agri Northern Cape: <ul style="list-style-type: none"> ○ Fixed costs on small supply points make power-saving measure futile. ○ Alternative energy becomes competitive if Eskom tariffs rise another 11-12%. • Agri Gauteng and Agri Norther Cape: <ul style="list-style-type: none"> ○ Irrigation cycles often depend on water scheme allocations, making it impossible to irrigate only during cheaper hours. • NERSA (Louise): <ul style="list-style-type: none"> ○ Requested detailed input cost shares (pre- and post-increase) to quantify economic and food security impacts. • AgriSA: <ul style="list-style-type: none"> ○ Committed to provide this breakdown per commodity.

<p>7 Key Clarifications by NERSA</p>	<ul style="list-style-type: none"> • Legacy Charge: Not a new tax; separates renewable vs. coal-based generation costs within Eskom’s structure. • Generation Capacity Charge: Gradual rollout (20% in 2025/25 – 30% in 2025/26) to prevent excessive shocks. <ul style="list-style-type: none"> ○ As it increases, TOU tariffs may ease slightly in later years. • Potential Adjustments: Future (years 2-3) tariff increases could be reconsidered after inquiry findings.
<p>8 Agreed Way Forward</p>	<ul style="list-style-type: none"> • Provide NERSA’s data template for agricultural billing and load data (Phumla and Jolanda) – Immediate. • Compile and submit data from AgriSA affiliates (grains, sugar, livestock, etc.) (Jolanda / AgriSA members) – November – December 2025 • Conduct impact analysis and feed into market inquiry (NERSA pricing and Tariff team) – Early 2026 • Engage further once findings are available (AgriSA/NERSA) - Quarter 1 2026 (tentative) • Explore long-term alignment between Eskom, NERSA, and agriculture (Both parties) – Ongoing
<p>9 Outcomes and Closing Notes</p>	<ul style="list-style-type: none"> • Collaboration reaffirmed: Both sides committed to transparent data sharing and evidence-based engagement. • AgriSA will submit comprehensive data across commodities and provinces. • NERSA acknowledged the unintended consequences of the tariff restructure and undertook to use inquiry outcomes to inform future regulatory adjustments. • Joint focus: affordability, energy efficiency, and agricultural viability as critical to South Africa’s food security.