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AgriSA Submission on the Draft Revised Electricity Pricing Policy, 2026

1. INTRODUCTION AND PURPOSE

1.1 AgriSA welcomes the opportunity to comment on the draft Revised Electricity Pricing Policy, 2026 (EPP), published under Government Notice No. 7852 in Government Gazette No. 55257 on 28 August 2026. AgriSA acknowledges the extension of the comment period to 28 October 2026 and submits these comments to assist in developing a transparent, economically sound and practically workable electricity-pricing framework.

1.2 AgriSA represents commercial and emerging agricultural producers and agribusinesses across South Africa. Its members include seasonal irrigation farmers, livestock and dairy producers, horticultural enterprises, packhouses, cold-storage facilities and agricultural processors, supplied either directly by Eskom or through municipal distribution networks.

1.3 Reliable and competitively priced electricity is indispensable for irrigation, agricultural production, animal welfare, refrigerated supply chains, beneficiation and food security. Electricity costs and unplanned outages have consequences beyond individual farms, including the viability of rural employment and the competitiveness of agricultural exports.

1.4 AgriSA supports the principles of efficient cost recovery, transparent and non-discriminatory tariffs, improved regulatory accountability, appropriately targeted subsidies, and a financially sustainable electricity industry. Those principles should, however, be implemented in a manner that recognises the distinctive costs, demand patterns and service conditions of agricultural customers.

1.5 The central concern is not that agriculture should avoid paying its fair share of efficient costs. It is that cost-reflective pricing should be based on demonstrable cost causation rather than assumptions that a seasonal customer draws, reserves or contributes to system capacity in the same manner as a customer with a uniform year-round load.

1.6 These submissions identify provisions that AgriSA supports, matters requiring further clarification, and targeted changes to the policy or the implementing frameworks. Annexure A consolidates the principal recommendations, while Annexure B suggests illustrative wording for selected policy provisions.

1.7 These submissions also take account of the Electricity Sector Market Transformation Position Paper (Position Paper), published in Government Gazette No. 55226 of 21 August 2026. The Position Paper describes the anticipated transition to a competitive electricity market. The pricing framework and the market-transformation arrangements must be considered together, while recognising that a position paper does not itself finally determine market eligibility thresholds, tariffs or regulatory rules.

2. GENERAL PRINCIPLES AND IMPLEMENTATION SAFEGUARDS

2.1 In applying the EPP, the Department of Electricity and Energy (DEE), the National Energy Regulator of South Africa (NERSA) and licensees should distinguish the recovery of prudently incurred and efficiently managed costs from the recovery of historical inefficiency, excessive losses or costs that have not been properly allocated to the customer group concerned.

2.2 Sections 195 and 33 of the Constitution provide important principles of accountable public administration and lawful, reasonable and procedurally fair administrative action. In the electricity-pricing context, the practical implications include intelligible methodologies, appropriate consultation, properly reasoned decisions and access to the information underlying material changes to tariffs.

2.3 The five-year movement towards cost-reflective tariffs contemplated in section 2.3 and Policy Position 30(f) should therefore be supported by transparent baseline studies, published impact assessments and implementation plans. Material tariff restructurings should not be introduced before the underlying cost-to-serve data, and metering requirements are sufficiently reliable.

2.4 AgriSA requests express recognition of food production, rural livelihoods, the needs of emerging producers, and agricultural export competitiveness in the sector-impact evaluation of the policy. Such recognition need not create an unconditional subsidised agricultural tariff: it should require regulators to identify adverse and disproportionate effects and consider justified alternatives.

2.5 The final policy should clearly distinguish binding policy requirements from principles that must be elaborated through regulations, codes, methodologies or tariff approvals. As many crucial details are deferred to NERSA, a transparent programme for subsequent consultation and implementation should form part of the policy itself.

3. AGRICULTURAL CUSTOMER CATEGORIES AND COST-TO-SERVE STUDIES

3.1 Section 7.3 correctly acknowledges that customer costs differ according to load profile, demand, load factor, supply voltage and rural or urban location. Policy Position 26 expressly permits new customer categories and sub-categories where the cost of supply or characteristics of service differ materially.

3.2 Agricultural electricity use varies significantly between irrigation districts, climatic regions, crops and production activities. In many areas, substantial pumping capacity is required for only part of the year, while off-season demand is comparatively low. Dairies, packhouses and cold stores may have different profiles and should not automatically be treated as identical to irrigation customers.

3.3 AgriSA proposes that the national tariff and customer-costing frameworks specifically require NERSA to examine a seasonal agricultural irrigation sub-category. The appropriate tariff design should follow the evidence of demand and cost allocation, not mere identification of customers by industry.

3.4 Cost-to-serve studies under Policy Position 25 should include representative seasonal load profiles, the timing of peak demand relative to feeder and system peaks, voltage, network configuration, load factor, loss factors and the existence of genuinely available demand-curtailment options. This assessment should cover both winter- and summer-rainfall irrigation regions.

3.5 AgriSA further requests that proposed tariff changes be modelled against representative agricultural accounts, including a medium-voltage irrigator, a smaller three-phase irrigator, a dairy or cold-store operation, and a municipal-supplied farm. The analysis should show the separate effects of energy, capacity, standby, network, subsidy, metering and administrative charges.

3.6 Where agricultural meters cannot yet produce reliable interval data, the framework should allow transitional measurement arrangements supported by reasonable estimation rules and a practical programme for upgrading meters, subject to NERSA oversight.

3.7 Dairy and other intensive livestock operations present a further distinct profile. Cows must be milked every day, and milk must be cooled immediately to protect its quality and safety, so electricity demand for milking, milk cooling, water pumping and feed preparation is continuous and cannot be reduced or suspended when tariffs rise. Customer categorisation and cost-to-serve studies should recognise this essential, non-deferrable load as distinct from both seasonal irrigation and general commercial use.

4. DISTRIBUTION CAPACITY, DEMAND CHARGES AND SEASONAL TARIFFS

4.1 Policy Position 27(d) envisages distribution network charges based on maximum demand within a billing period, while Policy Position 27(e) contemplates monthly charges linked to annual capacity. Policy Position 30(d) requires at least a fixed network-capacity charge. These proposals require careful differentiation, because each reflects a potentially different cost driver.

4.2 An irrigator may need a relatively high pumping capacity during a four- to six-month production season but use only limited power for the remainder of the year. A tariff that imposes a full annual capacity-related amount, in addition to seasonal maximum-demand charges, may place a disproportionate cost burden on such customers unless this accurately reflects the network capacity they reserve and the associated efficient costs.

4.3 AgriSA does not suggest that the costs of assets required to be maintained and made available throughout the year can simply be disregarded. Rather, the policy should permit seasonal contracted-capacity products that recover unavoidable shared network costs fairly and allocate incremental capacity costs with reference to actual reservation, demand patterns and coincident system contributions.

4.4 The national distribution use-of-system (DUoS) framework under Policy Position 30(g) should require NERSA to evaluate, where technically feasible, seasonal capacity declarations, seasonal demand charges, interruptible capacity, temporary capacity reductions and transparent procedures for revising contracted demand. The treatment of off-season minimum charges should be explicit.

4.5 Before any material increase in fixed or capacity-related charges, licensees should publish the assumptions and cost-to-serve evidence supporting the allocation of those costs to the proposed customer category. Charging structures must not permit the same cost to be recovered more than once through separate network, generator-capacity, standby or retail charges.

4.6 AgriSA supports a phased transition but requests safeguards against abrupt increases for particularly exposed agricultural categories. Where a sector impact assessment identifies substantial increases not supported by adequately disaggregated cost data, implementation should be delayed or suitably phased, with publicly stated reasons and appropriate periodic review.

4.7 The same care is required for operations with a high and continuous demand that are supplied through long rural lines, such as dairies. Fixed, capacity and network charges should not place a disproportionate burden on such customers merely because of their position on extended rural networks, unless the associated costs are demonstrably attributable to them.

5. GENERATION STANDBY CHARGES AND SELF-GENERATION

5.1 The draft recognises in section 5.1.2 that capacity-related charges may be particularly onerous for low-load-factor consumers and acknowledges in section 5.1.6 the possible effect of standby charges on self-generation. Policy Position 11(b) concerns wholesale generation capacity or standby charges, and Policy Position 15 addresses the recovery of generator standby and balancing costs.

5.2 Agricultural producers have invested in solar photovoltaic systems, batteries and backup generation, frequently to protect production during electricity interruptions and to reduce dependence on purchased electricity. These investments should not be undermined by unexplained charges that treat a farm's historical maximum demand as a proxy for the backup service actually required.

5.3 AgriSA accepts that customers retaining access to grid backup must make an appropriate contribution to efficiently incurred costs of capacity made available to them. It nevertheless

requests a methodology that distinguishes generator standby capacity from distribution network capacity and from system-balancing costs, with appropriate protection against duplicative recovery.

5.4 The generation-capacity methodology should assess actual reserve requirements, reasonably expected coincident demand, measured import patterns, the contribution of storage and demand management, and any agreed limitations on backup supply. Where customers demonstrably reduce the system's peak or required reserves, this should be reflected in a justified reduction or credit.

5.5 For seasonal and low-load-factor customers, NERSA should consider transparent seasonal, interruptible or load-factor adjustments and, where warranted by the evidence, transitional caps on abrupt increases. A blanket exemption is not sought where a real, attributable and efficient capacity cost can be demonstrated.

5.6 Customers who committed capital to compliant self-generation installations before adoption of new standby methodologies should receive a reasonable, published transition period. This request is intended to avoid sudden regulatory disruption of investment assumptions, not to confer an indefinite right to a particular tariff.

5.7 NERSA should consult on, publish and periodically review the detailed calculation, the interaction with DUoS and TUoS charges, and the treatment of storage and export. The resulting bill should clearly identify the amounts charged for each distinct service.

6. TIME-OF-USE TARIFFS AND AGRICULTURAL FLEXIBILITY

6.1 Policy Position 36 envisages time-of-use (TOU) tariffs for medium-voltage supplies within two years, for three-phase connections or supplies above 100 kVA within five years, and for customers with grid-tied embedded generation. It also addresses supplies with suitable metering capability. These provisions have significant implications for commercial agriculture, although the exact reach will depend on the individual connection and metering arrangements.

6.2 TOU pricing can improve efficiency when consumers are genuinely able to change demand. Irrigation schedules, however, are constrained by crop water requirements, evapotranspiration, heat, soil conditions, water allocations, pump capacity, operational safety and available labour. Peak-season load cannot always be moved without compromising production or necessitating substantial investment.

6.3 AgriSA requests an agricultural TOU tariff option developed under Policy Position 6, with the peak, standard and off-peak periods tested against actual irrigation profiles. Regional and climatic differences should be considered instead of presuming one set of agricultural seasons across the country.

6.4 Farmers who can undertake reliable, verifiable load reduction during agreed critical periods should be able to participate in interruptible or curtailable tariff products. Such participation must be voluntary, with clear advance notice, measurable performance criteria and fair compensation for the flexibility supplied.

6.5 The demand-side flexibility principles in Policy Position 48 should also support agricultural participation through cooperatives, irrigation schemes and aggregators, including investment

in automated controls, water storage and appropriately managed electricity storage where system benefits are demonstrated.

6.6 Any material change to TOU time bands, tariff seasons or maximum-demand rules should be announced sufficiently far in advance to cover at least one full agricultural production and planning cycle. Implementation should allow an adequate period for meter adjustment and informed customer decisions.

6.7 TOU design should also recognise that some agricultural loads cannot be shifted at all. Milking times, immediate milk cooling and animal-welfare requirements fix much of a dairy's daily demand, including demand during peak periods. Where load is genuinely non-deferrable, TOU structures should not operate as a penalty on essential food production, and an appropriate tariff option or transitional arrangement should be available to such customers.

7. RURAL ELECTRICITY SUPPLY, RELIABILITY AND INFRASTRUCTURE

7.1 Agricultural customers located at the end of long rural feeders frequently experience network conditions unlike those of densely supplied urban customers. Outages, poor voltage quality and prolonged restoration times may interrupt irrigation, refrigeration, livestock operations and processing and result in direct or consequential losses.

7.2 Policy Position 37 contemplates voltage and position differentiation, while Policy Position 41 recognises the need for expenditure on refurbishment and maintenance. AgriSA supports efficient network investment but submits that remote customers should not face material additional charges without transparent evidence and a corresponding plan to address deficient supply reliability.

7.3 The final policy should require that the implementation of rural cost-reflective network tariffs be accompanied by the publication of applicable quality-of-supply and service standards, measurable feeder-level performance information where available, maintenance and refurbishment plans, and regulatory monitoring of compliance with relevant requirements, including the applicable NRS standards.

7.4 Where supply falls materially below applicable service standards, NERSA should examine enforceable service-improvement measures and appropriate remedies or credits within the licensing and tariff framework. AgriSA does not suggest that a particular compensation amount is already prescribed by the draft EPP.

7.5 Policy Position 39 appropriately requires assets funded by customer connection charges, grants or self-build arrangements and transferred to the utility to be identified and excluded from the asset base used to calculate depreciation and returns. The implementing methodology should ensure customers are not effectively charged twice for the same capital asset.

7.6 Where infrastructure originally funded by a farmer is later used by additional customers, NERSA should consider fair, transparent connection-cost sharing or credit mechanisms in accordance with applicable network codes and contractual arrangements. Any provision for future replacement and maintenance must likewise be transparent and allocated on a lawful and cost-reflective basis.

7.7 AgriSA encourages a risk-based rural network investment plan, including assessment of single-feeder vulnerabilities and appropriate resilience measures. Rural microgrids and embedded-generation partnerships contemplated in Policy Position 49 should be considered where demonstrated to provide least-cost or reliability benefits.

7.8 Unreliable rural supply also imposes a second energy cost on producers. To protect milk quality, cold chains and animal welfare during interruptions, farmers must invest in, maintain and fuel backup generators in addition to paying their electricity accounts. This duplicated cost should be recognised in sector-impact assessments and strengthens the case for linking rural tariff increases to measurable improvements in supply reliability.

8. MUNICIPAL DISTRIBUTION, SURCHARGES AND LOSSES

8.1 Municipal electricity distribution is an essential service to many agricultural customers. AgriSA supports policy measures that enhance transparency, separate the electricity supply function from unrelated municipal activities and prevent paying customers from bearing the cost of losses or arrears arising from poor administration.

8.2 Policy Positions 42 and 43 require NERSA to address acceptable levels of technical and non-technical losses and bad debt. AgriSA supports the exclusion of costs above approved standards from the regulated revenue base, with robust, objective benchmarking, publication of the relevant assumptions and realistic improvement plans.

8.3 Policy Position 47 prohibits the introduction of a transparent municipal surcharge on electricity in addition to existing opaque or un-ring-fenced municipal surpluses. This principle should be accompanied by verifiable ring-fenced electricity accounts and public reporting that allow customers to determine whether the same municipal surplus is being recovered twice.

8.4 AgriSA requests explicit coordination between NERSA, National Treasury and municipalities regarding the distinction between the NERSA-approved base tariff and a municipal surcharge imposed under the applicable constitutional and fiscal framework. Tariff statements must show both components clearly, together with their respective legal basis and approval or authorisation process.

8.5 The availability of rural electricity services should not depend on unjustified cross-subsidisation of municipal inefficiencies. Licensees should be required to make accessible their cost-to-serve methodology, loss allowances, planned expenditure on rural networks and information necessary to challenge apparent errors through lawful tariff and dispute-resolution processes.

8.6 The Position Paper further envisages an eventual separation of municipal and other distribution network activities from competitive retail activities, subject to transitional arrangements and market rules. AgriSA requests that changes in municipal regulation, licensing and financial arrangements not be allowed to create arbitrary barriers to lawful wheeling, supplier choice or access to competitive offers for agricultural customers. Appropriate network tariffs and creditworthiness requirements should remain transparent, cost-based and independently regulated.

9. CROSS-SUBSIDIES AND ELECTRICITY SUPPLIED TO FARMWORKER HOUSEHOLDS

9.1 AgriSA supports transparent and properly targeted support for indigent consumers and the abolition of concealed cross-subsidies. Policy Position 50 envisages a national subsidy framework and requires contributions and benefits to be disclosed, while Policy Positions 51 and 52 address lifeline tariffs and Free Basic Electricity (FBE).

9.2 A fixed subsidy charge imposed without regard to a customer's relevant demand or contribution to the network may impose disproportionate costs on seasonal operations. The framework should assess the distribution of subsidy burdens by customer category and consider the effect on farm affordability, employment and food production.

9.3 Policy Position 50(c) gives an illustrative example of a maximum contribution threshold; it does not itself enact a uniform ten-per-cent cap. AgriSA requests that the final subsidy framework establish and publish clear, binding contribution thresholds or tests by category, together with a transparent basis for determining any charge and its allocation between users.

9.4 Where subsidies are recovered through fixed charges, the framework should permit a proportionate charging method that appropriately reflects seasonal contracted or utilised capacity and avoids disproportionate recovery. Subsidies that serve general social-policy objectives should be considered for transparent funding outside electricity tariffs where appropriate.

9.5 Qualifying farmworker households should not lose access to FBE or lifeline support merely because their electricity is provided through a lawful farm-based distribution or bulk-metering arrangement. The existing discussion of FBE in section 10.2 recognises that multiple dwellings can be served through a bulk meter and that this must be addressed in allocating the free basic service.

9.6 AgriSA therefore requests rules for the identification and verification of qualifying households, metering or reasonable allocation, transparent pass-through of any funded benefit, and a practical arrangement between municipalities, licensees and the relevant farm. Whether an arrangement constitutes regulated resale must be determined under applicable law, rather than resolved through an unrestricted exemption for farmers.

9.7 The additional administrative costs of making funded household support available through farm infrastructure should be addressed transparently. Farmers should not be required to finance, from their own operating budgets, a social benefit for which the relevant public authority is responsible.

10. EMBEDDED GENERATION, NET BILLING AND WHEELING

10.1 AgriSA supports the policy's framework for non-discriminatory grid access, wheeling and net billing, provided it is implemented in a manner that remains accessible to smaller and rural generators. These arrangements may provide opportunities for cooperatives, agricultural businesses and farms with embedded solar capacity.

10.2 Policy Position 33 provides for TOU-based crediting for exported energy at the avoided purchase cost, while preserving applicable network and retail charges. The relevant cost assumptions, export-credit rates and treatment of distribution-specific costs should be publicly available and objectively justified.

10.3 For small rural generators, metering, registration, billing reconciliation, connection-approval and wheeling processes should be proportionate to system size, safety risk and actual administrative cost. AgriSA asks NERSA to standardise core procedures and avoid charges that are duplicative or disproportionate to the service rendered.

10.4 Policy Positions 5, 31 and 34 require wheeling to be non-discriminatory and subject to approved network and administration charges. The national methodology should provide consistent principles for wheeling credit calculations, transparent application of losses, reasonable administrative costs and predictable settlement timelines.

10.5 The policy should clarify how imports, exports, purchased wheeled energy and other charges are treated on the same agricultural account, so that the same network service or subsidy obligation is not recovered twice. Credits should not be offset against charges in a manner inconsistent with the express requirements of Policy Position 33(f).

10.6 AgriSA supports access by agricultural demand-response aggregators and rural cooperatives to payments for verifiable flexibility services under Policy Position 48. Such products should be designed to allow meaningful participation by smaller enterprises without compromising technical safety or network stability.

10.7 The Position Paper differentiates between customers eligible to purchase electricity competitively and customers remaining on regulated retail supply during the transition. Although illustrative capacity thresholds and implementation periods are discussed, these are not final rights or fixed eligibility criteria. AgriSA requests that future criteria be proportionate and objectively justified, and that smaller agricultural customers have a practical pathway to benefit from retail competition.

10.8 In particular, qualifying cooperative, irrigation-scheme and aggregator arrangements should be capable of consideration for collective procurement, wheeling or competitive supply, subject to appropriate technical, settlement and credit requirements. Rural geography, municipal distribution boundaries and modest individual connection size should not of themselves justify unnecessary exclusion from competitive arrangements where the risks can be managed.

11. LONG-TERM PRICE OUTLOOK, AFFORDABILITY AND NEGOTIATED PRICING

11.1 Policy Position 7 provides for a price outlook of at least five years, with language referring both to annual publication and two-yearly updating. AgriSA requests that this ambiguity be resolved and that a clear, consistent obligation to publish and update annually be adopted.

11.2 Investment decisions for orchards, vineyards, irrigation infrastructure, refrigerated facilities and processing plants typically extend far beyond five years. AgriSA asks that the indicative pricing outlook cover at least ten years where the necessary assumptions are available, with scenarios showing the possible contribution of energy, generation capacity, transmission, distribution, subsidies and municipal surcharges.

11.3 A long-term projection should not be represented as a guaranteed tariff. It should disclose key assumptions and reasonable uncertainty ranges and be accompanied by representative customer bills, including agricultural irrigation profiles. These are necessary for financing, capital budgeting and the assessment of alternatives such as solar generation and storage.

11.4 AgriSA proposes a formal affordability and competitiveness impact assessment before implementation of any significant tariff restructuring. This should consider the cumulative rather than isolated effect of energy, fixed, demand, standby, network and subsidy charges, including differences between customers supplied by Eskom and municipalities.

11.5 Section 10.4 and Policy Position 54 permit negotiated pricing agreements (NPAs), subject to an approved framework and regulatory oversight. AgriSA asks that electricity-intensive agri-processing and qualifying agricultural operations be capable of consideration on transparent, objective criteria where they demonstrably meet national-interest, employment, food-security and economic-viability requirements.

11.6 This request should not result in an automatic subsidy or an entitlement to preferential pricing for all farms. Rather, the NPA framework should avoid excluding agriculture by an unduly narrow sector definition and should permit the Department of Agriculture to make representations in support of suitable applications. Any consequent revenue effect on other customers must be transparent and regulated.

11.7 Electricity tariff increases do not reach agriculture in isolation. Producers currently face a combination of pressures, including outbreaks of foot-and-mouth disease that have affected livestock and dairy farms in several provinces, low farm-gate prices, rising labour, fuel, feed, fertiliser and transport costs, and climatic uncertainty, including possible El Niño conditions that would increase irrigation needs and place pressure on fodder production. The affordability assessment proposed in paragraph 11.4 should take this cumulative cost environment into account, together with the likely effect on food prices.

11.8 When a farming operation closes, rural jobs are lost, local suppliers lose customers and productive capacity that is costly and slow to rebuild disappears. Dairy herds, infrastructure and expertise built up over many years cannot readily be restored once lost. The NPA framework referred to in paragraph 11.5, and any other special pricing arrangements made available to strategically important industries, should therefore not exclude the primary production of essential foodstuffs such as milk where the applicable objective criteria are met.

12. ELECTRICITY MARKET TRANSFORMATION AND COORDINATION WITH THE EPP

12.1 The Position Paper outlines the proposed establishment of a competitive wholesale electricity market, including a market and system operator, wider third-party participation and a phased expansion of access to competitively supplied electricity. These arrangements are directly relevant to the EPP's provisions on network access, retail charges, generation capacity, wheeling, market-related charges and consumer protection. The final EPP should therefore be implemented consistently with the developing market framework, without prematurely treating proposed rules or thresholds as settled law.

12.2 The Position Paper envisages short-term and forward electricity markets, together with mechanisms to settle deviations between scheduled and actual generation and consumption. These arrangements may improve efficiency but can also introduce wholesale price and balancing-cost risks. If such costs are ultimately reflected in regulated retail tariffs or trader prices, the basis for recovery should be disclosed and tested for reasonableness. Agricultural demand is frequently seasonal and weather-dependent; it would be inappropriate simply to presume that all farms can predict or shift demand to avoid such costs.

12.3 The Position Paper also recognises the need to address legacy power-purchase arrangements and possible stranded generation costs during the transition. AgriSA submits that any such costs recovered from customers must be identified separately from the efficient costs of transmission, distribution, reserves and market administration. Their recovery and allocation should be independently scrutinised, time-bound where appropriate and supported by disclosed evidence. The transition should not be used to recover inefficiencies or to impose overlapping charges on captive customers, self-generators or those purchasing electricity through wheeling arrangements.

12.4 The contemplated competitive market also requires safeguards against market power, conflicts of interest and discriminatory network practices. AgriSA supports transparent market conduct and settlement rules, appropriate independence of system and market operations, effective oversight by NERSA within its statutory functions, and coordination with the competent competition authorities where warranted. Retail and network pricing should not be structured to favour incumbent or vertically connected participants without an objective and lawful basis.

12.5 The Position Paper recognises structural and financial constraints affecting municipal distributors and the need for phased retail participation. AgriSA requests that transitional measures for municipalities and existing retailers protect service continuity without unnecessarily entrenching captive supply or preventing the development of proportionate competitive-purchasing arrangements for rural customers. The implications for credit, metering, wheeling settlement, access to networks and the regulated retail supply of ineligible customers should be addressed transparently.

12.6 Consumer eligibility, market trading rules and market-related charges will require further technical design, legislation or regulatory approval. AgriSA therefore requests publication of customer impact assessments, including representative seasonal irrigation, municipal-supplied and smaller agricultural profiles, before material changes are introduced. The comparison should disclose both the potential benefits of alternative supply arrangements and the fixed, variable, balancing, legacy and administrative charges that customers may remain obliged to pay.

12.7 The Department and NERSA should publish a coordinated programme explaining how implementation of the EPP will interact with the Position Paper, electricity market codes and eligibility criteria. That programme should identify the competent decisionmaker, applicable legal instrument, proposed consultation stages and transitional safeguards. AgriSA requests meaningful participation in both the tariff-framework and market-transformation processes, including opportunities for organised agricultural bodies to provide load-profile and sector-impact evidence.

13. REGULATORY FRAMEWORKS, CONSULTATION AND MONITORING

13.1 Several important operational details remain to be settled through NERSA frameworks and methodologies. Policy Positions 23, 24, 25, 28, 30(g) and 50 require or contemplate work on national tariff principles, regulatory methods, cost-to-serve studies, standardised tariff structures, network charges and subsidies, including specified twelve-month implementation periods. These frameworks should be coordinated with the separate market-transformation process and the development of market codes, customer-eligibility arrangements and related regulatory instruments.

13.2 AgriSA requests that the final EPP oblige the relevant authorities to publish a coordinated implementation schedule identifying the responsible body, proposed consultation date, supporting impact assessment, intended commencement date and transitional measures for each material tariff or market-related framework. The respective roles of DEE, NERSA and other relevant institutions should be clear.

13.3 Consultations should be meaningful and supported by accessible draft calculations, tariff examples and sector-level modelling rather than exclusively high-level narrative documents. Representative agricultural customers should be included in the data used to test proposed changes and the impact on small producers should be assessed.

13.4 AgriSA, together with relevant commodity organisations such as the Milk Producers' Organisation (MPO), requests formal participation in relevant pricing and market-rule consultations and is willing, subject to appropriate confidentiality protections and member consent, to facilitate the provision of representative agricultural consumption and load-profile data, including seasonal irrigation information.

13.5 The process should provide a clear route for customers and organised agricultural bodies to question cost allocation, tariff classification, meter readings and implementation problems, and should require the publication of reasons for material regulatory decisions.

13.6 A review of the actual agricultural impact should be undertaken after initial implementation and at intervals aligned with subsequent price and tariff-methodology reviews. Monitoring should consider changes to effective unit cost, service reliability, the adoption of embedded generation and the availability of flexibility products.

13.7 A further consultation stage should address the design of retail eligibility and aggregation arrangements, the pass-through of wholesale market and balancing costs, the treatment of legacy and stranded generation costs, and the impact of the reforms on rural and municipal-supplied customers. The EPP should not settle these issues by implication or displace statutory decision-making and public participation requirements.

14. CONSOLIDATED RECOMMENDATIONS AND CONCLUSION

14.1 AgriSA supports a transparent, competitive and financially sustainable electricity industry. Uniform capacity, standby and fixed charges may nevertheless disproportionately affect seasonal or remotely supplied agricultural customers unless justified by evidence of actual system use. The market transition also requires scrutiny of the cumulative effect of tariffs, legacy costs and market-related charges.

14.2 AgriSA accordingly requests that the Department expressly recognise seasonal agricultural demand in the implementation of Policy Position 26; provide for cost-justified seasonal capacity and TOU options; require evidence-based standby and subsidy methodologies with protection against double recovery; and link rural tariff reform to realistic service-reliability and infrastructure-accountability requirements.

14.3 AgriSA requests workable arrangements for embedded generation, net billing, wheeling, qualifying farmworker households, longer-term pricing outlooks and negotiated pricing for eligible agricultural activities. Fair opportunities for collective purchasing and access to retail

competition should progressively extend to smaller producers and municipal-supplied agricultural customers, subject to proportionate requirements.

14.4 The specific policy references and requested changes are summarised in Annexure A. Annexure B provides indicative formulations for further consideration and is not intended to displace the detailed drafting and consultation required of DEE and NERSA.

14.5 AgriSA recognises that Eskom seeks the full recovery of its costs from electricity users. As a state-owned entity, however, Eskom should also play its part in ensuring that electricity pricing does not drive food inflation higher. It must be borne in mind that agriculture, unlike many other users of electricity, does not have the ability to recover its full costs through the prices of its products. Primary producers are price takers and cannot pass increased electricity costs on.

14.6 AgriSA appreciates the opportunity to comment and requests continued engagement on the EPP, subsequent tariff and subsidy frameworks, and relevant electricity market transformation measures.

Yours sincerely

JF Kotzé
Chief Executive Officer: AgriSA

ANNEXURE A

CONSOLIDATED SCHEDULE OF RECOMMENDATIONS

A.1 **Section 7.3; Position 26.** Mandate consideration of a seasonal agricultural irrigation costing sub-category on evidence of material differences in cost and service characteristics.

A.2 **Position 25.** Require representative agricultural load-profile analysis and bill-impact assessments in cost-to-serve studies.

A.3 **Positions 27(d)-(e), 30(d), 30(g).** Provide for cost-justified seasonal contracted capacity, billing-period demand and interruptible capacity options; prevent double charging.

A.4 **Section 2.3; Position 30(f).** Phase structurally significant increases after credible cost studies and published affordability/sector impact assessments.

A.5 **Positions 11(b), 15.** Publish standby and balancing methodologies distinguishing generation reserve, DUoS and TUoS charges, recognising coincident demand and demonstrable system benefits.

A.6 **Positions 11, 15, 30.** Introduce justified seasonal/load-factor measures and a reasonable transition for existing compliant own-generation investments.

A.7 **Positions 6, 36.** Develop regionally appropriate agricultural TOU and interruptible options with notice of changes at least one production cycle ahead.

A.8 **Positions 37, 41.** Publish rural feeder reliability information, applicable service standards and targeted maintenance/refurbishment plans.

A.9 **Position 39.** Prohibit recovery of depreciation and return on customer-funded assets and develop fair sharing/credits where assets later serve additional customers.

A.10 **Positions 42, 43, 47.** Exclude inefficient losses and bad debt from the allowed revenue requirement and prevent municipal surcharges duplicating hidden surpluses.

A.11 **Position 50.** Publish category-specific subsidy contribution methods/thresholds, recognising seasonal demand and ensuring transparent funding.

A.12 **Positions 51, 52; section 10.2.** Provide practical, lawful FBE/lifeline access rules for qualifying farmworker households on bulk or farm-based supplies.

A.13 **Positions 5, 31, 33, 34.** Standardise proportionate small-generator registration, wheeling and net-billing procedures, credits and cost-based administration fees.

A.14 **Positions 48, 49.** Permit agricultural aggregators, cooperatives and irrigation schemes to access verifiable flexibility opportunities and rural resilience schemes.

A.15 **Position 7.** Clarify annual price-outlook updates and extend projections to ten years, with representative agricultural profiles and disclosed assumptions.

A.16 **Section 10.4; Position 54.** Allow eligible agriculture and agri-processing to apply for NPAs under transparent national-interest and regulatory criteria.

A.17 **Positions 23, 24, 25, 28, 30(g), 50.** Provide a coordinated public implementation programme, involve AgriSA in consultation on tariff and market arrangements, and monitor agricultural outcomes.

A.18 **EPP Positions 5, 31 and 34; Position Paper (market participation and retail eligibility).** Develop objective and proportionate eligibility and aggregation arrangements so qualifying agricultural cooperatives, irrigation schemes and smaller rural customers can participate in competitive electricity purchasing and wheeling.

A.19 **EPP Positions 3, 11, 15, 27 and 30; Position Paper (legacy contracts and stranded investments).** Separately identify and independently scrutinise the allocation of legacy procurement, stranded generation, network, standby and market administration costs; prohibit unjustified double recovery or concealed cross-subsidisation.

A.20 **EPP Positions 7, 15 and 23; Position Paper (short-term and forward wholesale markets).** Assess wholesale spot, forward and balancing-cost pass-through risks for seasonal agricultural customers and disclose the basis of recovery and available risk-management options.

A.21 **EPP Positions 5, 42 and 43; Position Paper (distribution and retail transformation).** Prevent unreasonable barriers to rural market access arising from municipal distribution arrangements, while maintaining lawful, efficient network cost recovery and service continuity.

A.22 **EPP Positions 23, 24, 25, 28, 30(g) and 50; Position Paper (implementation and consultation).** Publish a coordinated roadmap for tariff and market implementation, including NERSA-led consultations, agricultural sector-impact assessments, transparent eligibility criteria and meaningful participation by AgriSA.

A.23 **Section 7.3; Positions 6, 26, 27, 30, 36, 37 and 54.** Recognise the continuous, non-deferrable load of dairy and other livestock operations in customer categorisation, TOU design and network charging; account for the duplicated cost of backup generation on unreliable rural supply; assess cumulative cost pressures and food-price effects before tariff restructuring; and do not exclude primary production of essential foodstuffs from special pricing arrangements where objective criteria are met.

ANNEXURE B

ILLUSTRATIVE POLICY FORMULATIONS

The wording below is indicative and is submitted for consideration in the final EPP or, where more appropriate, in the related NERSA frameworks. It does not purport to reproduce the current policy text.

B.1 Policy Position 26 (customer categories)

"In applying this position, NERSA shall assess whether seasonal agricultural irrigation customers exhibit materially different cost drivers or service characteristics warranting a distinct costing sub-category, on the basis of representative load-profile, coincident-demand and cost-to-serve evidence."

B.2 Policy Positions 27 and 30 (seasonal network capacity)

"The national distribution network charging framework shall consider seasonal contracted-capacity, seasonal maximum-demand and interruptible-capacity tariff options where technically practicable and justified by cost-to-serve studies. Such options shall recover efficient network costs fairly, account for capacity actually reserved, and avoid duplicated recovery of the same cost component."

B.3 Policy Positions 11 and 15 (generation standby)

"The methodology for generation capacity and standby charges shall be published for consultation, distinguish such charges from distribution and transmission network charges, account for demonstrable load diversity, reduced coincident demand and qualifying storage or demand-response contributions, and provide for equitable transitional arrangements."

B.4 Policy Positions 6 and 36 (TOU products)

"NERSA shall provide for the development and approval of special, seasonal or interruptible time-of-use products for agricultural customers where differences in load characteristics or genuine demand flexibility justify such products. Changes to agricultural tariff seasons and time bands shall be communicated with appropriate production-cycle notice."

B.5 Policy Positions 37 and 41 (rural supply)

"Where significant additional network charges are proposed for remote or low-voltage customers, the licensee shall publish the relevant cost study together with applicable quality-of-supply standards, reliability performance information and reasonable maintenance and refurbishment measures."

B.6 Policy Positions 50 to 52 (subsidies and qualifying households)

"The national subsidy framework shall provide transparent methods and thresholds for contributions by customer category, considering load patterns and affordability. It shall address the practical allocation and funding of lifeline and free basic electricity benefits to qualifying households served through lawful bulk-metering or intermediary supply arrangements, including farmworker households."

B.7 Policy Positions 23, 25, 28 and 30 (consultation)

"Before approving material tariff structural changes, NERSA shall ensure that relevant cost-to-serve information and representative customer bill impacts are available for consultation and that justified transitional measures are considered for materially affected customer groups."

B.8 Policy Position 7 (outlook)

"NERSA shall publish and update annually a multi-year electricity price outlook of at least five years, supplemented where practicable by an indicative ten-year scenario. The outlook shall disclose underlying assumptions and illustrate the impact on representative categories, including seasonal agricultural customers."

B.9 EPP Positions 5, 31 and 34 (retail eligibility and aggregation)

"The design and application of network-access, wheeling and customer-eligibility arrangements shall be transparent and non-discriminatory. The relevant authorities shall consider proportionate mechanisms for qualifying cooperative, irrigation-scheme and aggregated agricultural purchasing arrangements, subject to appropriate technical, settlement and credit requirements, with reasonable transition measures for smaller and municipal-supplied customers."

B.10 EPP Positions 3, 11, 15, 27 and 30 (separate recovery of market and legacy costs)

"Any recovery of legacy electricity procurement costs, demonstrably stranded generation costs or market-related administration and balancing charges shall be supported by a published and independently scrutinised methodology, identifying each cost component separately, the rationale for its allocation and measures preventing duplicate recovery through generation, network, retail or subsidy charges."

B.11 EPP Positions 23, 24, 25, 28 and 30 (coordination of pricing and market reforms)

"The Department and NERSA shall publish a coordinated programme indicating the sequencing of electricity-pricing reforms and associated market-transformation measures, the responsible decisionmakers, applicable statutory processes, draft methodologies, stakeholder consultations, representative customer impact assessments and transitional arrangements, including those affecting agricultural and municipal-supplied customers."