

# Case Study : Implementation of FBE within Sedibeng District

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## 1. Introduction

The Free Basic Electricity aims to contribute towards raising the standard of living and to help poor households to have access to basic electricity.

Sedibeng Free Basic Electricity Forum (SFBEF) consists of the District Municipality, three local Municipalities and three Eskom regions. The forum want to share its experiences and challenges within Sedibeng district.

## 2. Conclusion

The stakeholders have a responsibility towards their constituencies to attract, educate and effectively implement these kinds of initiatives to ensure development and poverty alleviation

## 3. What is Free Basic Electricity (FBE)

- ❑ It is a limited amount of electricity deemed necessary to fulfil basic household electricity requirements as determined and funded by the National Government
- ❑ The FBE programme aims:
  - To contribute towards raising the standards of living of the poor
  - To help poor households to have access to basic electricity
- ❑ Through this programme, government provides funding for 50kWh of free electricity per month to poor households.

## 4. Stakeholders

- ❑ National Government provides direction and funding.
- ❑ Municipalities are accountable for the provision of FBE and set the selection criteria within the parameters of the national FBE guideline & within their boundaries.
- ❑ Eskom is a Service Provider for FBE in Eskom areas of supply.

## 5. Funding Agreement

- ❑ The cost of the free allocation (FBE) is funded through the equitable share from National Government
- ❑ Municipality (funding) selection criteria
  - Indigent policy
  - Blanket approach
- ❑ Funding agreement
  - Service level agreement between the municipality and Eskom as the service provider in Eskom supplied areas
- ❑ Billing
  - Monthly bills are submitted to municipalities
  - Payments are expected to be made within 30 days and overdue accounts are subjected to interest

## 6. Registration and Access

- ❑ Council resolution – decision taken by executive mayor and councillors
- ❑ Policy – indigent or blanket approach
- ❑ Registration – customers bring along ID numbers, Electricity meter number, Account number, Physical address, contact numbers and last token purchased.
  
- ❑ Conventional customers – 50kWh is credited to the customer bill at the end of the month.
- ❑ Prepaid customers – collect their 50kWh free token from the vending station.

## 7. Hints and Tips on FBE

- ❑ The free units must be collected monthly if not collected they will be forfeited
- ❑ FBE units do not accumulate on conventional meters; therefore they cannot be transferred from one month to another
- ❑ Free electricity will be valid until all has been used
- ❑ FBE units can be collected at local vendor
- ❑ Always check tariff code and supply group code when collecting token

## 8. Communication Strategy

- ❑ **Municipality**
  - Councillors briefing
  - Ward and block meetings
  - Community structure involvement
  
- ❑ **Eskom**
  - Pamphlets
  - Vendor training
  - Customer forums
  - Awareness campaign

## 9. Highlights & lowlights

- ❑ **Highlights**
  - Roll out within the district has been successful
  - Emfuleni and Midvaal rolled out after signing funding agreements
  - Payment level is very good
  - Good stakeholders relations (the communication between Eskom and Sedibeng District is excellent, performance meetings are held on a monthly basis to discuss beneficiaries, configuration, token collection, challenges, payments to Eskom and other related issues.
  
- ❑ **Lowlights**
  - No roll out within Lesedi boundaries
  - No indigent register in place
  - Token collection very low in Eskom area

## 10. Challenges

- ❑ **Data**
  - Data from municipality is not aligned to Eskom systems. Municipality is collecting data using erf number or stand number whilst Eskom need an electricity meter number.
  - Data accuracy on our systems, both Eskom and municipality. This is influenced by the move in / move outs and meter changes that are not updated on the system.
  - Data standards not common.

- ❑ **Customers**
  - Customers relocate with meters. Customers, who paid connection fees, feel the meter box is their asset, hence they remove the meter when they relocate.
  - Tampered meters
  - Illegal connection
- ❑ **Vending system**
  - Technologically challenged. Vending machines cannot auto vend magnetic tokens
  - Vending machines availability and security. Availability within the 5km radius is compromised due to theft and vendors closing down because of security reasons.

## 11. Way Forward

- ❑ **Data**
  - Data collection projects from both stakeholders. Revenue Protection to collect data when they do field audits
  - Standardise data templates and standards within our systems.
  - Municipality to verify the illegibility of registered customers
- ❑ **Customers**
  - Technical solution to
    - Minimise illegal connections
    - Tampering
    - Enforce By-Laws
- ❑ **Vending systems**
  - On line vending
  - Roll out latest vending software – 10.58 version is able to generate auto vend on magnetic and keypad.
  - Vendor training - how to generate FBE magnetic tokens
  - Mobile & MTN SMS vending. Will only issue FBE tokens, no money involved.

## 12. Acknowledgement

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