



Electricity Consumption Estimation Policy

Centlec (Soc) Ltd - Electricity Consumption Estimation Policy

| CENTLEC (SOC) LTD | |
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| Subject: Connection & Disconnection Policy | Policy No: |
| Directorate: Finance | Board Item No: |
| Sub-Directorate: Revenue Management | Date Approved: 30 May 2018 |
| Custodian: GM: Revenue Management | Effective Date: 1 July 2019 |
| Last Date Of Review: 2017-2018 | Reference: |

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DEFINITIONS:

“Centlec Finance Office” means any office controlled by Centlec under the authority of the Chief Financial Officer.

“Consumer” means the user of electricity supplied via an energy dispense.

“Consumption”: means an action of using up resources.

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SECTION 1: OBJECTIVES OF ESTIMATIONS POLICY

- a) To provide for policy framework in order to consistently and systematically deal with situations where accurate consumption of electricity cannot be measured, despite efforts to do so.
- b) To provide for responsibility measures for Centlec (SOC) Ltd and consumers / electricity account holders when dealing with estimated accounts.

SECTION 2: POLICY PRINCIPLES

- a) In terms of Section 95(c) (i) of the Municipal Finance Management Act, Act 56 of 2003, as amended, the Accounting Officer of a municipal entity is responsible for managing the financial administration of the entity, and must for this purpose take all reasonable steps to ensure that the entity has and maintains effective, efficient and transparent systems of financial and risk management and internal control.
- b) The estimation of electricity consumption of consumer accounts and the electricity consumption of street lights is recognised as an integral part of the operations of Centlec.
- c) Estimation of accounts should be an exception rather than a norm and should at all times be supported by sound and valid reasons.
- d) Measures must be put in place to ensure that as far as possible, estimations are used over the shortest period of time as possible for any customer account so as to ensure that the entity's commitment to service standard is not compromised

SECTION 3: READING OF ELECTRICITY METERS BY CENTLEC

- a) Centlec shall, at the consumer's cost in the form of a direct charge or prescribed fee, provide, install and maintain appropriately rated metering equipment at the point of metering for measuring the electricity supplied.
- b) Centlec reserves the right to meter the supply to any premises, blocks of shops and flats, tenement-houses and similar buildings for the buildings as a whole, or for individual units, or for groups of units.
- c) The electricity used by a consumer during any metering period shall be ascertained by the reading of the appropriate meter or meters supplied and installed by Centlec and read at the end of such period except where the metering equipment is found to be defective. In that case the consumption for the period shall be estimated.

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- d) A meter shall be conclusively presumed to be registering accurately if its error, when tested is found to be within the limits of error as provided for in the applicable standard specifications.
- e) Centlec shall have the right to test metering equipment. If it is established by test or otherwise that such metering equipment is defective, Centlec shall in the case of a credit meter, adjust the account rendered.
- f) In case where Centlec was not able to perform meter readings, the customer can perform its own meter reading and submit the reading to Centlec for determination of electricity accounts.
- g) A meter can also be tested at the request and payment of a prescribed fee by the consumer, and when any such test is carried out at the request of the consumer, the fee paid by him shall be refunded if the meter is found to be at least 2.5% inaccurate.
- h) If the meter is faulty by more than 2, 5% the consumer account will be adjusted to reflect the results
- i) If the meter is not faulty, the electricity consumed between meters readings will be deemed to be consumed evenly during such meter reading dates.
- j) The occupier of premises in a municipality must give an authorised representative of the municipality or of a service provider access at all reasonable hours to the premises in order to read, inspect, install or repair any meter or service connection for reticulation, or to disconnect, stop or restrict the provision of any service.
- k) Where access was not granted during the reading time, the message including the contact details of the reader should be left at the door steps of the premises in order to arrange for a suitable reading time with the owner or tenant.

SECTION 4: DETERMINATION OF ELECTRICITY ACCOUNTS

- a) Unless otherwise prescribed, credit meters shall be read at intervals of 30 days and the fixed or minimum charges due in terms of the tariff shall be assessed accordingly. Centlec shall not be obliged to effect any adjustments to such charges.
- b) If for any reason the credit meter cannot be read, an account for a provisional sum for electricity will be rendered during that month(s). The provisional sum shall be assessed with due regard, wherever possible, to the average monthly value of fixed or minimum charges and electricity consumed upon the premises served by the meter and to any tariff changes that may have occurred. Where there has been no previous consumption, the Chief Financial Officer may determine the amount of the said provisional sum by reference to such consumption on other similar premises as he considers would constitute a reasonable guide.
- c) For meters which do not have any readings, the electricity should be estimated based on the customer's average consumption for 12 months of the corresponding season (summer, winter) in the prior year. If it's a new customer and there is no previous consumption, the account can be estimated using the

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customer's average consumption of the previous 3 months from the current date as basis. The electrical energy consumed shall be adjusted in a subsequent account in accordance with the electrical energy actually consumed.

d) Method for applying the rules:

The 1st scenario:

This scenario depicts a meter where all the readings have been received each month. The 1st row is the month working back from now into history, the 2nd row are the meter readings each month and the 3rd row is the consumption from one month to the next.

| MONTH | May 10 | Apr 10 | Mar 10 | Feb 10 | Jan 10 | Dec 09 | Nov 09 | Oct 09 | Sep 09 | Aug 09 | Jul 09 | Jun 09 | May 09 | Apr 09 |
|-------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Reading | 27221 | 26197 | 25226 | 24186 | 23228 | 22281 | 21175 | 20151 | 19183 | 17991 | 13078 | 11886 | 10438 | 8673 |
| Consumption | 1024 | 971 | 1040 | 958 | 947 | 1106 | 1024 | 968 | 1192 | 4913 | 1192 | 1448 | 1765 | 8673 |
| Read Type | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |

For the calculation of an interim, the 12 months actual consumptions will be used, split into seasons and the average calculated.

The 2nd scenario:

The 2nd scenario is based on the absence of a reading:

| Month | May 10 | Apr 10 | Mar 10 | Feb 10 | Jan 10 | Dec 09 | Nov 09 | Oct 09 | Sep 09 | Aug 09 | Jul 09 | Jun 09 | May 09 | Apr 09 |
|--------|--------|--------|--------|--------|--------|--------|---------|--------|--------|--------|--------|---------|--------|--------|
| Season | S | S | S | S | S | S | S | S | S | W | W | W | W | S |
| Read | 27221 | 26197 | 25226 | 24186 | 23228 | 22281 | No Read | 20151 | 19183 | 17991 | 13078 | No Read | 10438 | 8673 |
| Cons | 1024 | 971 | 1040 | 958 | 947 | 2130 | 1065 | 968 | 1192 | 4913 | 2640 | 1320 | 1765 | 8673 |
| Avg | | | | | | 1065 | 1065 | | | | 1320 | 1320 | | |
| Read | 3 | 3 | 3 | 3 | 3 | 3 | | 3 | 3 | 3 | 3 | | 3 | 3 |

For this scenario when one of the months have been skipped for a reading, then the latest reading (type 3) will be used, and the previous actual reading will be deducted to determine the consumption for the X amount of months. This consumption is then divided by this X amount of months and the average is used for the applicable months. (This is to ensure that if the readings are representative of

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more than 1 month that it is not used as if it is only 1 month's consumption but represents 2 months consumption as per the example)

Thus:

Winter: = $4913+1320+1320$ (the reading in 2009/07 was 2 months consumption) = $7553 / 3 = 2518$

Summer: = $1024+971+1040+958+947+1065+1065+968+1192 = 9230 / 9 = 1026$

- e) Centlec may also render accounts based on readings taken by the customer. The electrical energy consumed shall be adjusted in a subsequent account in accordance with the electrical energy actually consumed after Centlec has performed the necessary verification procedures.
- f) All accounts shall be deemed to be payable when issued by Centlec and each account shall, on its face, reflect the due date and a warning indicating that the supply of electricity may be disconnected should the charges in respect of such supply remain unpaid after the due date.
- g) An error or omission in any account or failure to render an account shall not relieve the consumer of his obligation to pay the correct amount due for electricity supplied to the premises and the onus shall be on the consumer to satisfy himself that the account rendered is in accordance with the prescribed tariff of charges in respect of electricity supplied to the premises.
- h) Centlec may charge interest on accounts which are not paid by the due date appearing on the account, at an interest rate as approved by Centlec from time to time.
- i) If any calculating, reading or metering error is discovered in respect of any account rendered to a consumer, the error shall be corrected in subsequent accounts. Any such correction shall only apply in respect of accounts for a period of three years, preceding the date on which the error in the accounts was discovered, and shall be based on the actual tariffs applicable during the period. The application of this section does not prevent a consumer from claiming back overpayment for a period of up to three years where the consumer is able to prove the claim in the normal legal process.

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| SECTION 5: ESTIMATION OF ELECTRICITY CONSUMPTION OF STREET LIGHTS |
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- a) Centlec shall provide, install and maintain appropriately rated metering equipment at the point of metering for measuring the electricity consumed by street lights.
- b) The electricity consumed by a street light during any metering period shall be ascertained by the reading of the appropriate meter or meters supplied and installed by Centlec and read at the end of such period.
- c) If such reading of meters was not performed during a certain period, the consumption of electricity consumed by the street light shall be estimated based on the average electricity consumption for the past 6 months.
- d) The actual consumption of electricity shall be determined in the subsequent metering period.

SECTION 6: RESPONSIBILITIES OF CENTLEC (SOC) LTD REGARDING ESTIMATED ELECTRICITY ACCOUNTS

In order to ensure operational and procedural fairness in dealing with estimated consumer accounts, the following policy provisions shall at all times be applicable as binding responsibilities on the side of Centlec (SOC) Ltd:

- a) The entity shall at all times take reasonable steps to ensure that the consumption by individual users of electricity is measured through accurate and verifiable metering systems
- b) The entity should ensure that persons liable for payments receive regular and accurate accounts that indicate the basis for calculating the amounts due.
- c) The entity should provide accessible mechanisms for consumers to query or verify accounts and metered consumption, and appeal procedures in such a manner that allow such persons to receive prompt redress for inaccurate accounts
- d) The entity should provide accessible mechanisms for dealing with complaints from such persons, together with prompt replies and corrective action to be taken;

SECTION 7: RESPONSIBILITIES OF ELECTRICITY CONSUMERS / ACCOUNT HOLDERS REGARDING ESTIMATED ELECTRICITY ACCOUNTS

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In order to Centlec (SOC) Ltd to avoid and / or redress an estimated electricity account, the consumer / account holder shall have the following responsibilities to fulfill to this effect:

- a) Each consumer / account holder shall at all times respect Centlec's right of access to premises for the purposes of performance of their duties, and for this purpose, the occupier of premises in a where Centlec (SOC) Ltd has a responsibility to supply electricity, must give an authorized representative of the Centlec (SOC) Ltd or of a service provider appointed by Centlec (SOC) Ltd access at all reasonable hours to the premises in order to read, inspect, install or repair any meter or service connection for reticulation, or to disconnect, stop or restrict the provision of any service,

- b) When exercising their rights, consumers / account holders must at all times to observe the mechanisms, processes and procedures of Centlec (SOC) Ltd in dealing with an estimated account as provided for in this policy,

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| SECTION 8: REVIEW AND APPROVAL |
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This policy and underlying strategies will be reviewed at least annually, or as necessary, to ensure its continued application and relevance.

Approved by the board of directors on: _____

Signed: _____

Chairperson of the Board

Date: _____