

UNDERSTANDING YOUR  
ELECTRICITY BILL

# A STEP-BY-STEP GUIDE



Learn how to read,  
interpret, and manage  
your energy costs  
with confidence.

[www.utilitysavings.co.za](http://www.utilitysavings.co.za)



**UTILITY SAVINGS**

analyse. optimise. save.

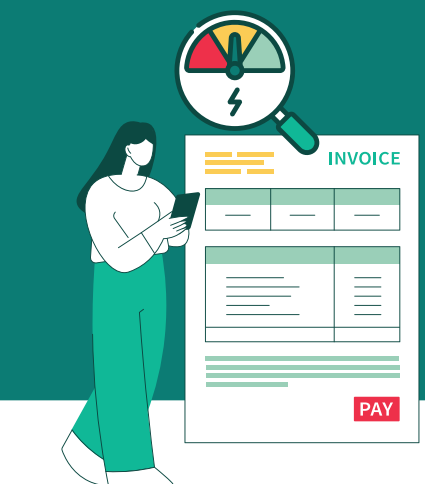
# How to read your electricity bill.

Although electricity bills differ from supplier to supplier, there are **certain elements or charges** that you will encounter on **most of them**.

## 1. ENERGY CHARGE

This charge appears on all electricity bills and is based on **your electricity consumption (kWh) during the billing period**, multiplied by the applicable rate (R/kWh) for your tariff.

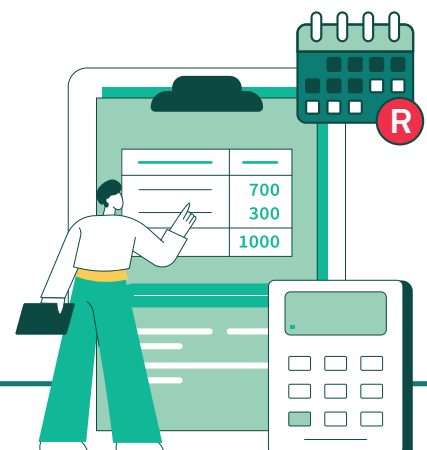
If your tariff follows a “**time-of-use**” structure, your bill will show separate energy consumption and charges for **peak, standard, and off-peak periods**.



## 2. BASIC / SERVICE / ADMINISTRATION CHARGE:

Most electricity bills include this charge. It's applied by the municipality to cover **the service delivery and administration** of your electricity supply and account.

This charge may either be a **fixed monthly fee** or calculated based on the **number of days in the applicable reading period**, depending on your applied tariff.





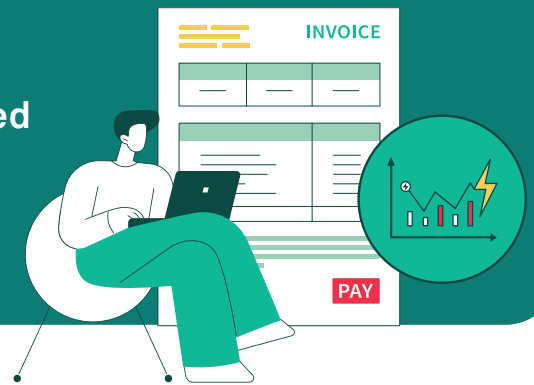
# How to read your electricity bill.

Although electricity bills differ from supplier to supplier, there are **certain elements or charges** that you will encounter on **most of them**.

## 3. DEMAND CHARGE:

If your applied tariff includes a demand component, you'll see this reflected on your electricity bill.

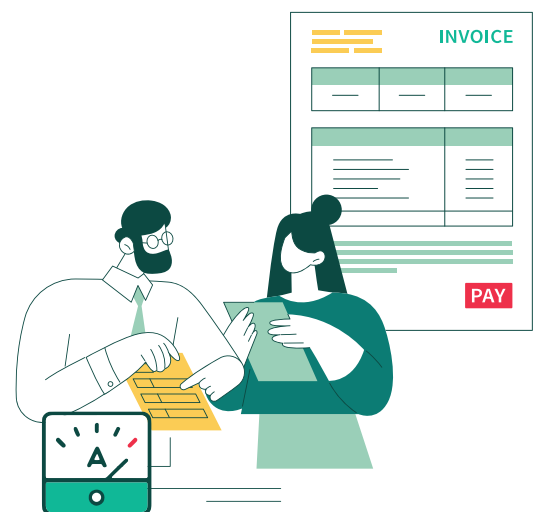
It's calculated by taking your **highest recorded demand** (measured in kVA), usually during peak periods, and **multiplying it by the applicable rate (R/kVA)**.



## 4. NETWORK CAPACITY / ACCESS CHARGE

This charge is calculated based on your **Notified Maximum Demand (NMD)** — the maximum amount of electricity your supply is designed to handle. Your **NMD** is typically determined **during installation** and is often based on the **amperage size of your electricity supply**.

It's important to note that **tariffs differ across municipalities**. While the charges mentioned above are the most common, you may see additional items on your bill, especially if you're on an **Eskom tariff**.



# Common billing mistakes

Accepting your electricity bill as correct can be costly. We frequently identify significant billing errors.



Below are two of the most common mistakes we encounter.

## High / Low Season Rate Errors

Electricity tariffs often include **different rates for high and low seasons.**

- **High Season:** June, July, August
- **Low Season:** January–May and September–December

**Billing should be split (pro rata) according to the correct season and corresponding rates.** When this isn't done correctly, substantial overcharges can occur.



## Rate Change Errors

Each year, Eskom implements **new rates from 1 April**, and municipalities from **1 July**.

As with season changes, electricity consumption **should be split between old and new rates.**

Incorrect application of these rate changes can also result in significant overbilling.







# Common billing mistakes

Accepting your electricity bill as correct can be costly. We frequently identify significant billing errors.

Below are two of the most common mistakes we encounter.

## CASE STUDY: SEASONAL AND RATE CHANGE ERRORS

During an audit of one of our client's electricity accounts, we discovered that **only high-season rates were applied for a billing period from 3 May to 3 June.**

- ✚ However, this period included both low and high season days. In this case, **only three days should have been billed at high-season rates.**
- ✚ By applying high-season rates for the entire month, **the client was overcharged by R158,000** on their electricity bill.
- ✚ Upon reviewing the following bill (4 June to 5 July), we identified a similar issue.
- ✚ The municipality had applied **only the new tariff rates effective from 1 July, instead of splitting the billing correctly.**
- ✚ **Only five days should have been billed using the new rates, and this error resulted in an additional R54,000 overcharge.**



## Other Common Mistakes

- Repeated demand readings
- Duplicate basic / service / administration charges
- Incorrect consumption splits (Time-of-Use)
- Incorrect Time-of-Use rates applied

It's **crucial to verify the accuracy of your electricity bill** — even a small mistake can cost your business thousands.

**If you suspect an error, get in touch with Utility Savings, and our team will gladly help you review and verify your accounts.**

