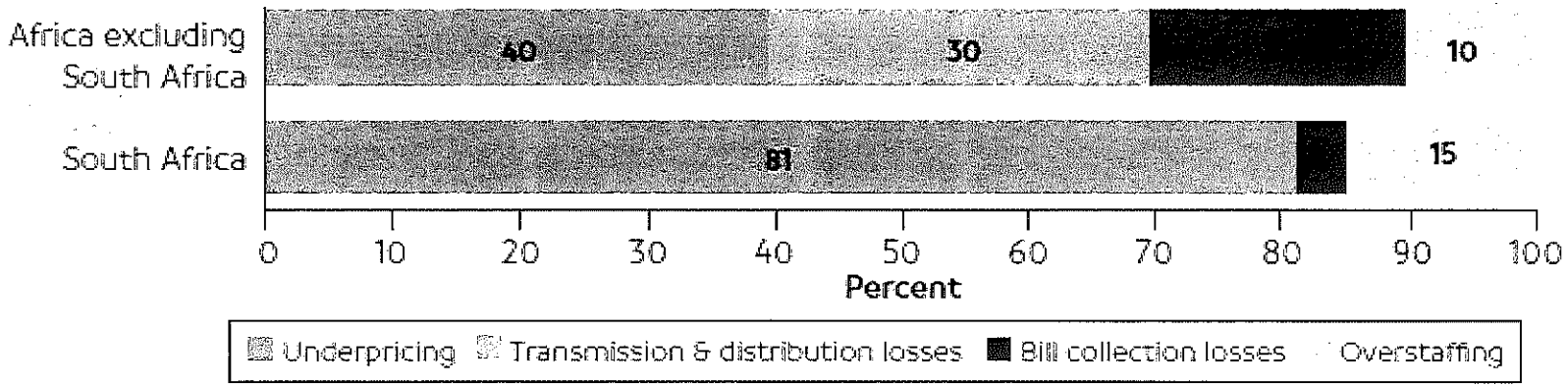
World bank Report 2016 – Summary of inefficient (hidden) costs

- The World bank study defined certain parameters that reflect efficient operations. Any deviation from these norms are seen to be inefficient and defined as hidden costs
- The norms are
  - Transmission & distribution losses (both technical and commercial) should be <10% of dispatched electricity
  - 100% bill collection
  - Same staffing level as in well-performing, comparable utilities in Latin America
- The graph below illustrates the factors that contribute to hidden costs



- Under-pricing is the main contributor of Eskom's hidden costs
- This is different from other African countries
- Eskom losses are not reflected in the graph as they are within the norm