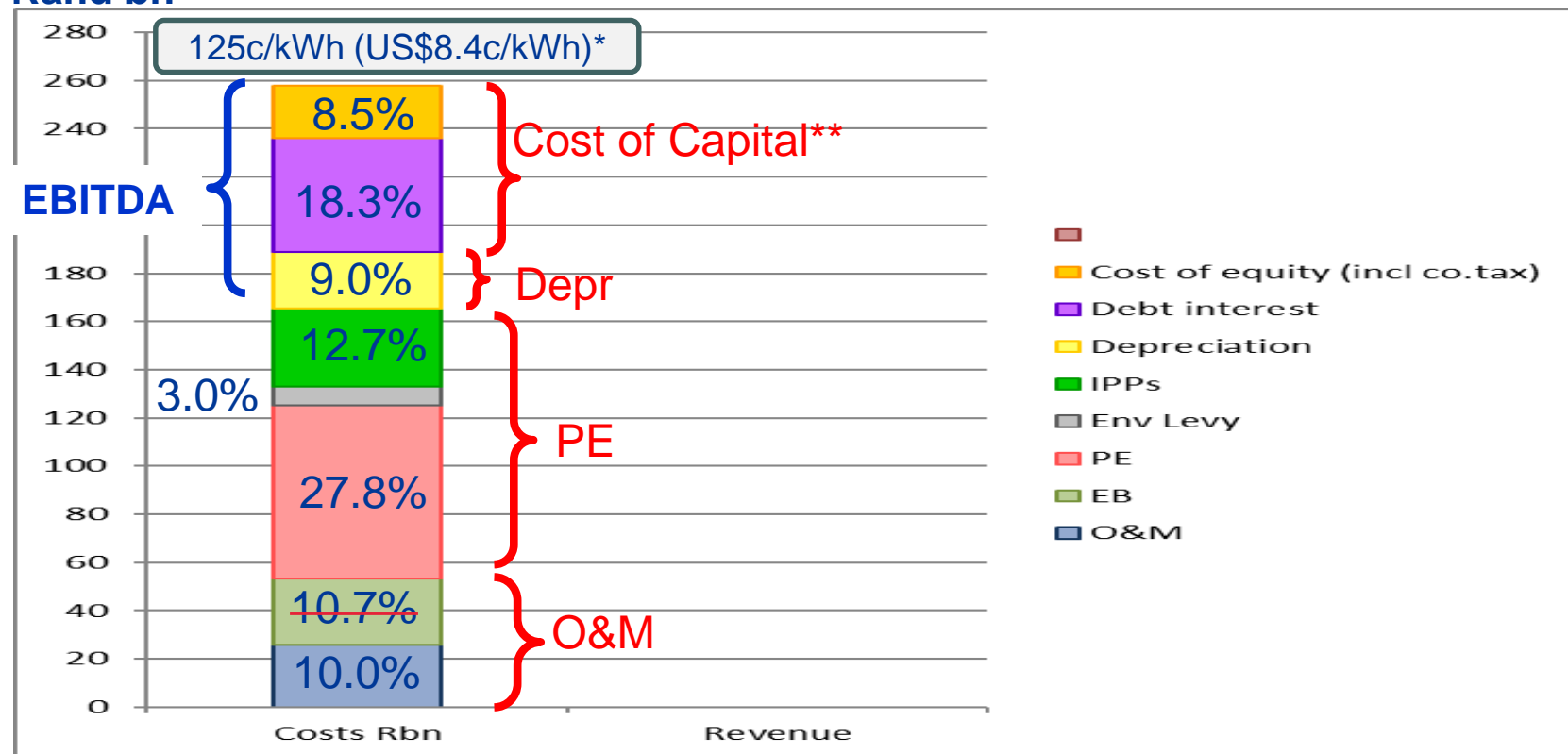


4.2. Using the standard of an accepted formula (3)

Total cost (Gx, Tx, Dx, IPPs) - based on Eskom AFS 31 March 2020:

Rand bn



Note that due to Eskom's accounting policy of capitalising part of interest cost to WUC the I/S will reflect lower interest expense than actually paid, and in later years will thus reflect higher depreciation charges

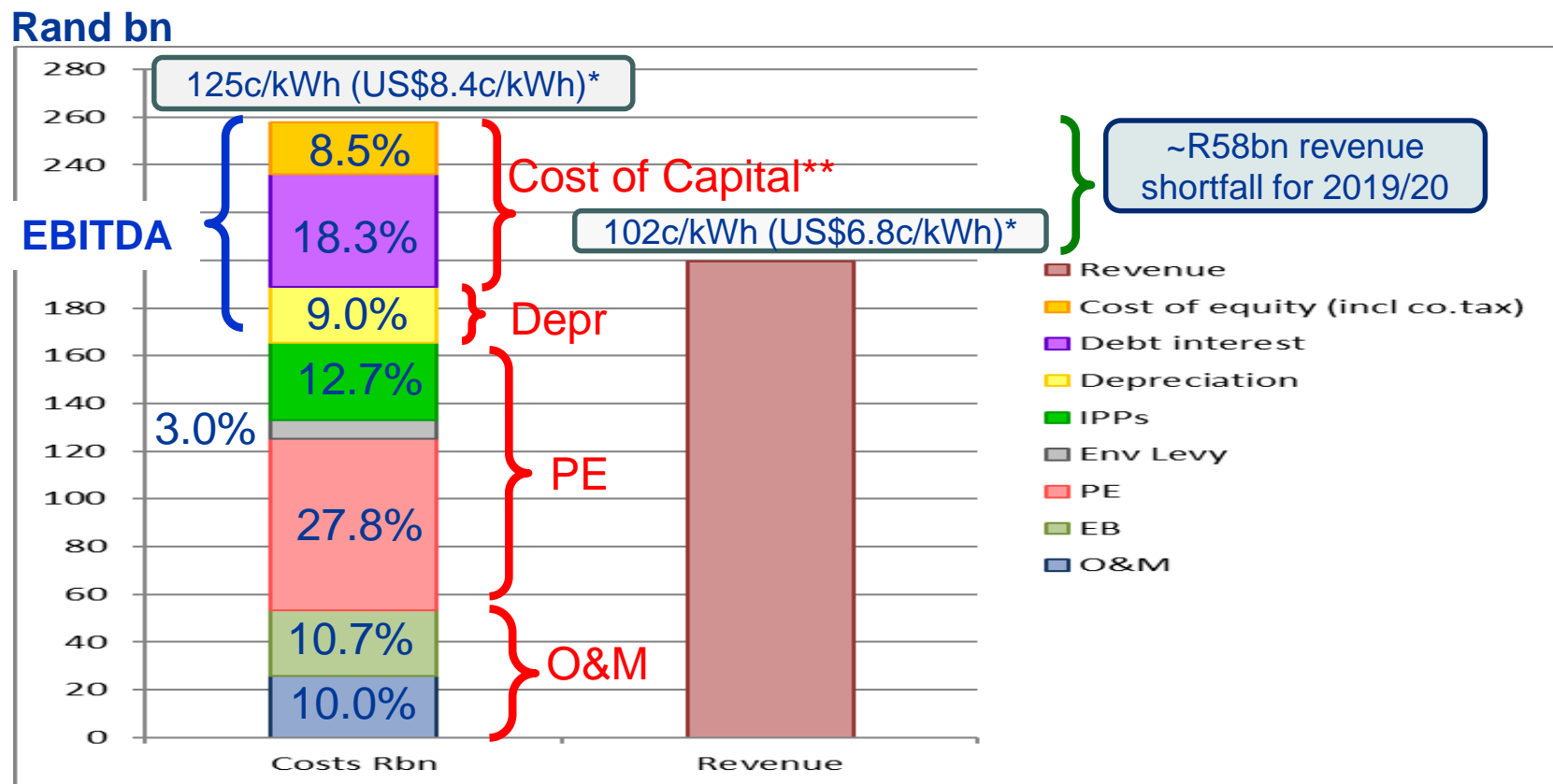
* At US\$ 1 = ZAR 15

** Cost of equity (post-tax) assumed at 10.3% nom.

'Cost-reflectivity' implies that revenues / tariffs cover total prudent and efficient cost

4.2. Using the standard of an accepted formula (3)

Total cost (Gx, Tx, Dx, IPPs) - based on Eskom AFS 31 March 2020:



Note that due to Eskom's accounting policy of capitalising part of interest cost to WUC the I/S will reflect lower interest expense than actually paid, and in later years will thus reflect higher depreciation charges

* At US\$ 1 = ZAR 15

** Cost of equity (post-tax) assumed at 10.3% nom.

Clearly a gap between revenue and total cost (thus between actual and cost-reflective prices)