NATIONAL ENERGY REGULATOR OF SOUTH AFRICA

NATIONAL ENERGY REGULATOR OF SOUTH AFRICA

ANNUAL PERFORMANCE PLAN

2023/24 – 2025/26

Contents

STATEMENT BY THE CHAIRPERSON

NERSA's Annual Performance Plans for the previous two financial years were developed during the global COVID-19 pandemic. This Annual Performance Plan was developed in the aftermath of the pandemic, which not only had a devastating impact on people all over the world, but, caused profound economic and social disruptions.

We, therefore, needed to, more than ever before, ascertain the extent to which economic fundamentals, geopolitical issues and sectoral dynamics may impact the regulatory framework in place. The economic outlook indicates specific risks that are prevalent, such as new COVID-19 variants leading to new waves of infection, continued interruptions in power supply, rising inflation and fiscal risks. In addition, interest rates have gone up and will affect economic growth. South Africa's value-added exports have not increased significantly. Political instability and hostility in Central Eastern Europe (CEE) is affecting emerging economies. Global energy value chains have been disrupted as Russia's aggression towards Ukraine continues.

Global investors' confidence has been adversely affected by geopolitical tensions mainly between Ukraine and Russia. This unfortunate global development has been aggravated by the response from the European Union and countries that are part of the North Atlantic Trade Organization, with various economic sanctions declared on Russia. The Russian-Ukraine aggression has affected commodity markets as well as financial markets in most jurisdictions around the world. Rising crude oil prices and the weakening of the exchange rate definitely put upward pressure on petrol and diesel prices among other petroleum products in South Africa.

Globally, natural gas prices have increased due to persistent geopolitical factors such as the effect of the prolonged cold weather in the northern hemisphere and the ongoing Russia-Ukraine war with deteriorating geopolitical conditions. This growing uncertainty, given that the global energy market has been persistently tight, aggravates investment risk and economic vulnerability to all net energy importers around the world.

In South Africa, structural constraints have reduced potential economic growth for the past decade and remain an impediment to the recovery. The economic effects of the

COVID-19 pandemic – lost jobs and delayed investments – were exacerbated by inadequate electricity supply, with the highest levels of load-shedding to date. There are signs that this combination of factors has led to scarring – defined as medium-term economic performance below pre-pandemic projections. Government's previously announced economic reforms are underway. The implementation of these reforms, complemented by fiscal consolidation to provide a stable foundation for growth, will ease investor concerns about South Africa and support faster recovery and higher levels of economic growth over the long term. Reducing regulatory constraints, providing effective services, and coordinating and sequencing economic interventions will bolster public and private investment. This will, in turn, increase resilience and support economic transformation.

Some critical trends are beginning to emerge in the global energy landscape as a result of its significant transformation, including the following:

- Transitions from the use of wood as a dominant fuel to the adoption of coal and, then, oil and natural gas.
- The recent growth of coal consumption is a continuation of the rebound in global coal demand that began in late 2020. Strong economic growth underpinned electricity demand in 2021, while post-COVID stimulus measures support the production of steel, cement and other coal-intensive industrial products. Coal demand is expected to increase.
- The share of renewables (excluding hydro) in global power generation continued its rising trend, driven by strong expansion in solar and wind energy. The Climate and Energy Ministers of the Group of Seven Western Industrialized Countries (the G7) agreed to decarbonize their electricity sectors by 2035.
- Liquid natural gas (LNG) is regarded as being one of the cleanest fossil fuels available. It is used widely in peaking plants around the world to provide additional electricity quickly and is useful for backing up intermittent renewable technologies due to its high flexibility.
- The hydrogen economy has also changed the global energy mix as well as developments around potential LNG trading in Southern Africa.
- Gas has grown faster than any other fossil fuel and today renewable energy is growing even faster.

- Global gas demand remains subject to significant uncertainty regarding not only electricity demand and industrial production, but also the price evolution of gas against that of coal in key markets such as the United States.
- A high demand for energy worldwide, continues to push energy prices higher, so traders may soon push natural gas prices to a higher level. Europe's reliance on imported natural gas from Russia has been adversely affected by Russia's invasion of Ukraine.

We need to take cognisance of Africa's energy crisis that continues to be a direct constraint on economic growth. Currently, more than 600 million people do not have access to electricity and more than 900 million do not have access to clean fuel for cooking.

Electrification of rural areas has become a priority for many African governments. Infrastructure deficits and untapped resources, combined with a net-zero emissions target, have created notable opportunities for foreign investors in the green energy sector. Renewable energy is becoming an important part of Africa's energy sector. It has gained significant traction and investment in recent years. Although the continent's energy composition is almost entirely composed of fossil fuels and biomass, renewable energy is projected to account for a major chunk of total power generation capacity in the next ten years. Early movers in renewable energy development are Egypt, South Africa, and Ethiopia.

Southern Africa has become characterised by supply insecurity in recent years. The electricity generation industry is seen as a critical vehicle for regional integration and industrial development. Decades of low revenue, high debt, under-investment and poor maintenance have left the industry falling behind population growth and electricity demand, while a significant percentage of installed capacity is unavailable due to breakdowns and transmission failures. As a result, the region regularly experiences power cuts.

Southern Africa is loosely divided into a hydro-rich north and thermal-rich south, which is reflected in the mix of energy sources used in generating electricity. The region has significant and largely untapped natural energy resources that make the transition

a quarter of hydroelectric power and biomass electricity potential is realised as is 1% of solar and wind power and less than that for geothermal power. There is a small but growing presence of independent power producers supplying the Southern African Grid. The gas-to-power business is important for the whole region as the Southern African Development Community (SADC) is battling energy shortages, which have crippled the operations of economies. While bold steps have been taken to include renewable energy into the regional energy mix, natural gas provides baseload capacity as well as flexibility thereby giving investors certainty in terms of energy security and reliable supply.

The following is a snapshot of the scenario in South Africa, which was duly noted during the development of this Annual Performance Plan:

- Planned and unplanned power outages have affected the entire South African economy since May 2022 to the present. Load shedding has been mainly driven by sporadic breakdowns of generators in some power stations and power production bottlenecks by Eskom caused by striking employees. NERSA is committed to participate in Government's actions to address the electricity challenges.
- Diesel prices have increased drastically due to the weakening rand and higher international prices.
- iGas, a subsidiary of the Central Energy Fund, has acquired an additional 40% ownership of the ROMPCO pipeline. South Africa and Mozambique jointly own 80% of the pipeline with Sasol owning the remaining 20%. This provides South Africa with advantages in our gas industrialisation strategy to support our economy.
- LNG is a cleaner and more affordable source of energy. It is available now to power various industries enabling a transition into a net-zero emitting future. It has also been touted as a possible replacement for coal in some older power stations as part of the *Just Transition Framework*, published by the *Presidential Climate Commission (PCC)*. The inclusion of LNG in South Africa's energy mix should bring some relief to many customers, notably to those who can be supplied from a source, not on the grid. LNG will be available for all industries, gas-to-power (large and small customers), industrial processes, logistics and mining activities in South Africa. Gas-to-power will become a major contributor to the national grid.
- The gas-to-power business is important for South Africa and will become a major contributor to the national grid.

- Current efforts to plug capacity shortages are not enough to yield an adequate reserve margin as decommissioning of some of the old coal-fired power stations has begun. The deteriorating plant performance of the coal fleet has resulted in the supply constrain that the country is battling with. Technologies which could be deployed quickly and safely are required. Gas-powered plants can be built far more quickly than other baseload plants, like coal or nuclear.
- South Africa remains a significant contributor to global hydrogen output. The country currently produces 2% of the global demand for hydrogen mostly made from natural gas by Sasol. Given the projected global demand for green hydrogen, South Africa has opportunity to convert its current global supply to green hydrogen and the potential to increase the country's share of green hydrogen market.

The Energy Regulator considered the aforementioned developments, trends and challenges to effectively plan for improved regulation of South Africa's energy industry. We remain cognisant of the fact that as a regulator we have to, more than ever before, remain focused on the role NERSA plays in the growth of South Africa's economy. The core of our regulatory mandate is the fact that the energy sector in South Africa is at the centre of economic and social development.

Following the uplifting of the State of Disaster in April 2022, it because clear that that we had learnt many things during the COVID-19 Pandemic, which need to build on to become more efficient and to stay relevant. One of the lessons was on how adaptable and innovative one can be when facing unforeseen challenges. The Energy Regulator is committed to building on the positive outcomes, by ensuring continued improvement in its strive to be recognised as a world-class leader in energy regulation.

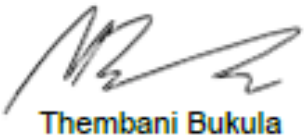
Our resolve to contribute towards Government's initiatives of economic growth and job creation through carrying out our mandate, remain steadfast. We will therefore heed the call for affordable energy prices. As a regulator, our challenge remains to facilitate a fair balance between access to energy, affordable energy prices and the sustainability of licenced energy providers.

NERSA's Annual Performance Plan for the period 2022/23 to 2024/25 is informed by the five-year Strategic Plan (2020/21 - 2024/25). The Annual Performance Plan's targets have been set against each outcome outlined in the Strategic Plan. Specific,

measurable, achievable, realistic and time-bound key performance indicators for 2022/23 with quarterly targets will ensure that the strategic outcomes are achieved.

The Energy Regulator takes pride in submitting its Annual Performance Plan, which sets out the strategic focus for the 2023/24 to 2025/26 planning period.

The Energy Regulator fully endorses this Annual Performance Plan and commits to supporting its implementation.



Thembani Bukula
Chairperson
National Energy Regulator of South Africa

STATEMENT BY THE CHIEF EXECUTIVE OFFICER

The National Energy Regulator's (NERSA) Annual Performance Plan for the financial years 2023/24 to 2025/26 is hereby presented.

NERSA is an independent regulator and was established on 1 October 2005 in terms of the National Energy Regulator Act, 2004 (Act No. 40 of 2004). Its mandate is to regulate the electricity industry in terms of the Electricity Regulation Act, 2006 (Act No. 4 of 2006), the piped-gas industry in terms of the Gas Act, 2001 (Act No. 48 of 2001), and the petroleum pipelines industry in terms of the Petroleum Pipelines Act, 2003 (Act No. 60 of 2003).

The role of NERSA is to ensure the development and sustainability of the electricity, piped-gas and petroleum pipelines industries, while facilitating the affordability of and accessibility to these industries to balance the economic interests of all stakeholders. This will contribute towards the sustainable socio-economic development of South Africa and a better life for all. The key focus areas of mandate, as contained in the relevant legislation, is summarised as follows:

- Issuing of licences and setting pertinent conditions;
- Setting and/or approving tariffs and prices;
- Monitoring and enforcing compliance with licence conditions;
- Dispute resolution including mediation, arbitration and the handling of complaints;
- Gathering, storing and disseminating industry information;
- Setting of rules, guidelines and codes for the regulation of the three industries;
- Determination of conditions of supply and applicable standards; and
- Registration of import and production activities.

NERSA remains committed to implement its mandate and to take proactive regulatory decisions in anticipation of and in response to the constant changing circumstances in the energy industry.

NERSA endeavours to achieve its vision to be a recognised world-class leader in energy regulation by being cognisant of our responsibilities in respect of the regulated industries, Government priorities and the end-users of energy.

With the implementation of the previous Annual Performance, we focused on the value NERSA is and should be adding to all stakeholders impacted by the regulation of the electricity, piped-gas and petroleum pipeline industries. This forced the Energy Regulator to place a new focus on how we carried out our functions.

- In 2022/23 one of the key focus areas was to ensure continuous improvement of our regulatory operations and approaches as well as putting measures in place that would improve our resilience and our ability to be agile and innovative. Attention was therefore given to the regulatory tools such as rules, methodologies and frameworks that needed to be reviewed, updated and/or developed, in close collaboration with the policy maker. We remained committed to fast-track processes relating to applications for prices, tariffs, licences and registrations, without compromising the quality of the analysis process. The aim is to contribute towards regulatory certainty in the energy sector.
- We also reviewed our operating model, ensuring that it is geared toward regulating the three industries in the best possible manner.
- NERSA also conducted a business processes analysis, which ensured that all our processes are a streamlined and effective. Another outcome of this exercise is the identification of key processes that should be automate. It is foreseen that this could contribute to a reduction of the regulatory burden on new applicants
- The Energy Regulator continued to collaborate with key role players to work towards affordable energy for all.

The development of this Annual Performance Plan was informed by the Amended Strategic Plan for the 2020/21 to 2024/25 period and is aligned with the new outcomes that were formulated in 2022. The outputs and targets stated in the Annual Performance Plan provides the basis for NERSA's support of the following key priorities of Government:

- Priority 1: Capable, Ethical and Developmental State
- Priority 2: Economic transformation and job creation
- Priority 3: Education, skills and health
- Priority 7: A better Africa and world

NERSA's strategic focus in this Annual Performance Plan is based on our Mission Statement, namely: *To regulate the energy industry in accordance with government laws and policies, standards and international best practices in support of sustainable and orderly development.* The improvement of regulatory tools and processes that commenced in the previous financial year, will be continued, with specific reference to improved turnaround

times for applications for tariffs, prices, licensing and registration; continued monitoring of licensees' performance; dealing with non-compliant licenses and periodic assessment of adequacy of competition. NERSA will cooperate with the policy maker in relation to the restructuring of the energy industry.

NERSA will continue striving towards ensuring affordable energy for the citizens of South Africa by developing best practice pricing and tariff methodologies. Attention will also be given to the challenges in the electricity industry, with specific reference to our mandated function to audit licensees to determine the level of compliance with licenses conditions and to enforce compliance by non-compliant licensees.

Our regulatory advocacy and stakeholder engagements will be conducted in a more concerted manner to address the challenges with outdated and ineffective legislation and policies. Taking into consideration the number of court cases where NERSA was challenged in its decisions, attention will be given to any improvements required for our regulatory tools and processes.

All of the aforementioned requires a strong focus on the required human resources to implement NERSA's mandate appropriately. We have noticed that there are very few applications with the necessary skills to work at an economic regulator. Therefore, NERSA will continue to focus on the Regulatory Training Programme, which aims to deploy a learning and development strategy geared at building and inculcating a high performance and highly engaged workforce. In addition, NERSA will continue collaborating with the design and development of a Regulatory Course at an accredited academic institution. The aim of this project is to contribute towards representation of NERSA's unique academic requirements in academic institutions.

In April 2022, Government lifted the State of Disaster. Looking back at what transpired during the previous two years during the COVID-19 pandemic, it became clear that NERSA, as all other organisations across the world, would not be returning to the proverbial business as usual. For the past two years we implemented new ways of working in order to deal with the COVID-19 restrictions and many of those were so effective and efficient, that NERSA would be implementing a "new normal" strategy. This will be based on leveraging all the gains resulting from the COVID-19 pandemic during the 2023/24 planning period. It will cover the operations of the staff as well as the Energy Regulator. Underpinning this will

be NERSA's ability to be innovative and resilient during the past two years. Going forward the intention is to make this part of NERSA's approach in our day-to-day activities. NERSA will also be implementing the recommendations of an Organisational Culture Assessment.

Another focus area is the implementation of NERSA's financial sustainability strategy, with the aim to preserve current revenue streams and identify additional sources of funds. This is required based on the challenges NERSA had with its revenue collection during the COVID-19 pandemic because all three regulated experienced a decrease in their volumes. This was seen as a risk as NERSA's revenue is reliant on revenue from levies and license fees, which is determined by volume production estimates. This is not growing as envisaged post the pandemic.

I wish to thank the Energy Regulator for their continued support and strategic guidance in the development of the Annual Performance Plan. Management and staff drive the implementation of this Annual Performance Plan, which is diligently overseen by the Regulator.

I hereby confirm our commitment to implementing this Plan, which is based on our history of achieving more than an average of 91% of our planned outputs and targets for the last six years. Thus, we will succeed in facilitating a secure, reliable, affordable, sustainable, competitive and transformed energy industry, which contributes to the economic growth of South Africa.

Nomalanga Sithole
Chief Executive Officer
National Energy Regulator of South Africa

Official Sign-Off

It is hereby certified that this Annual Performance Plan -

- was developed by the Energy Regulator with inputs from the Executive Management of NERSA;
- takes into account all the relevant policies, legislation and other mandates for which the Energy Regulator is responsible; and
- accurately reflects the outcomes and outputs that the Energy Regulator will endeavour to achieve over the period 2023/24 – 2025/26.

Ms. Gerda Gräbe
Senior Manager: Strategic Planning and Monitoring **Signature:**

Ms. Bulelwa Pono
Chief Financial Officer **Signature:**

Adv. Nomalanga Sithole
Chief Executive Officer (Accounting Officer) **Signature:**

Approved by:

Mr. Thembani Bukula
Chairperson (on behalf of the Accounting Authority) **Signature:**

Acronyms and Abbreviations

Acronym / Abbreviation	Stands for
AFDB	African Development Bank
AFUR	African Forum for Utility Regulators
APP	Annual Performance Plan
B-BBEE	Broad-Based Black Economic Empowerment
CAGR	Compound Annual Growth Rate
CBM	Coal Bed Methane
CNG	Compressed Natural Gas
CCGT	Combined Cycle Gas Turbines
CPI	Consumer Price Index
DJP	Durban-to-Johannesburg Pipeline
DoE	Department of Energy
DMRE	Department of Mineral Resources and Energy
ELR	Electricity Regulation
ESI	Electricity Supply Industry
FBE	Free Basic Electricity
FID	Final Investment Decision
FLNG	Floating Liquefied Natural Gas
GAR	Piped-Gas Regulation
GDP	Gross Domestic Product
GJ	Gigajoule
GSA	Gas Supply Agreement
GUMP	Gas Utilisation Master Plan
HDI/HDSA	Historically Disadvantaged Individuals/South Africans
IBT	Inclining Block Tariff
IDM	Integrated Demand Management
IEA	International Energy Agency
IEP	Integrated Energy Plan
IPP	Independent Power Producer
IRP	Integrated Resource Plan
ISO	International Organisation for Standardisation
LNG	Liquefied Natural Gas
MPP	Multi-Product Pipeline
MTEF	Medium-term Expenditure Framework
MTSF	Medium-Term Strategic Framework
MW	Megawatt
NDP	National Development Plan
NERSA	National Energy Regulator of South Africa
NFI	Non-Financial Information
OCGT	Open Cycle Gas Turbine
OECD	Organisation for Economic Co-operation and Development
PE(R)STEL	Political, Economic, Regulatory, Social, Technological, Environmental and Legal
PFMA	Public Finance Management Act, 1999 (Act No. 1 of 1999)
PPA	Power Purchase Agreement
PPR	Petroleum Pipelines Regulation

Acronym / Abbreviation	Stands for
PV	Photovoltaic
REIPP	Renewable Energy Independent Power Producer
REIPPPP	Renewable Energy Independent Power Producer Procurement Programme
RERA	Regional Electricity Regulatory Association
RIA	Regulatory Impact Assessment
ROMPCO	Republic of Mozambique Pipeline Investment Company
SACREEE	SADC Centre for Renewable Energy, Energy and Efficiency
SADC	Southern African Development Community
SAPIA	South Africa Petroleum Industry Association
SAPP	Southern African Power Pool
SCOA	Standard Chart of Accounts
SIP	Strategic Integrated Project

List of tables

Part A: Our Mandate

1. UPDATES TO THE RELEVANT LEGISLATIVE AND POLICY MANDATES

1.1. There have been no changes to NERSA's legislative and other mandates.

1.2. NERSA is the regulatory authority established in terms of the National Energy Regulator Act, 2004 (Act No. 40 of 2004) with the mandate to –

- 'to undertake the functions of the National Electricity Regulator as set out in the Electricity Regulation Act, 2006 (Act No. 4 of 2006),
- to undertake the functions of the Gas Regulator as set out in the Gas Act, 2001 (Act No. 48 of 2001),
- to undertake the functions of the Petroleum Pipelines Regulatory Authority as set out in the Petroleum Pipelines Act, 2003 (Act No. 60 of 2003); and
- to perform such other functions as may be assigned to it by or under these Acts'.

1.3. The regulatory functions of NERSA, as contained in the legislation relevant for the regulation of the energy industry, are summarised as follows:

- issuing of licences with conditions;
- setting and/or approving tariffs and prices;
- monitoring and enforcing compliance with licence conditions;
- dispute resolution including mediation, arbitration and the handling of complaints;
- gathering, storing and disseminating industry information;
- setting of rules, guidelines and codes for the regulation of the three industries;
- determining of conditions of supply and applicable standards;
- consulting with government departments and other bodies with regard to industry development and regarding any matter contemplated in the three industry Acts;
- expropriating land as necessary to meet the objectives of the relevant legislation;
- registration of import and production facilities; and
- performing any activity incidental to the execution of its duties

1.4. NERSA derives its revenue by, among others, imposing prescribed levies on the regulated industries following a prescribed transparent procedure. In this regard, the following Acts govern the imposition of such levies:

- the Gas Regulator Levies Act, 2002 (Act No. 75 of 2002);
- the Petroleum Pipelines Levies Act, 2004 (Act No. 28 of 2004); and
- section 5B of the Electricity Act, 1987 (Act No. 41 of 1987).

1.5. Apart from the afore-mentioned industry specific legislation that anchors NERSA's mandate and the imposition of levies, the following facilitating and foundational legislation are also applicable to NERSA's conduct of its business:

- the Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA), which specifies the accounting of NERSA as a Section 3A Public Entity;

- the Promotion of Access to Information Act, 2000 (Act No. 2 of 2000) (PAIA), which determines the way that NERSA has to treat access to information;
- the Promotion of Administrative Justice Act, 2000 (Act No. 3 of 2000) (PAJA), which determines just administrative action of NERSA;
- the Protection of Personal Information, 2013 (Act No 4 of 2013), which determines the way that NERSA has to treat personal information; and
- all other applicable laws of the Republic of South Africa.

1.6. NERSA's mandate is further derived from published government policies and regulations developed by the Minister in terms of the Electricity Regulation Act, Gas Act and Petroleum Pipelines Act. As outlined in these legislative prescripts, NERSA must make decisions that are not at variance with published government policy. The relevant applicable policies are:

- White Paper on Energy Policy for South Africa of 1998;
- Electricity Pricing Policy (EPP) of the South African Electricity Supply Industry;
- Free Basic Electricity Policy;
- White Paper on Renewable Energy Policy for South Africa of 2003;
- Energy Security Master Plan: Liquid Fuels published by the Department of Energy in 1998 and 2007;
- National Development Plan;
- Industrial Policy Action Plan (IPAP); and
- Integrated Resource Plan (IRP) 2019.

1.7. NERSA advocates the implementation of the White Paper on Energy Policy of 1998 before the principles enshrined in the policy and suite of subsequent legislation are overhauled. As the Energy Regulator, we are aware that the policies of 1998 and consequent suite of legislation (Gas Act, Petroleum Pipelines Act, National Energy Regulator Act and Electricity Regulation Act) that were developed between 2001 and 2006 have been actively implemented since the establishment of NERSA in October 2005. It is only now that we are able to give private investors some certainty regarding energy infrastructure investments and the level playing field we are expected to provide. Recent private sector licence applications in the piped-gas and petroleum pipelines industries are a testimony to the success of government's liberalisation policies.

1.8. The Electricity Regulation Act gives the mandate for competitive bidding of electricity generation capacity to the Department of Mineral Resources and Energy (DMRE), following a Cabinet decision that private sector participation in the electricity industry be split 70:30 between Eskom and the private sector, with DMRE procuring the plant and Eskom being the 'off-taker'. Thus, it is competition for the market but not within the market at this stage.

1.9. With the rapid price reduction of solar panels, a situation has arisen where rooftop solar has started to become attractive for residential consumers. This is more pronounced with commercial premises. These installations are not effectively dealt with in the current regulatory framework because the 'Electricity Regulations on New Generation Capacity' are only applicable to state-owned entities.

1.10. To license all of these small installations is also onerous to the installer and NERSA. It is a much too expensive and complex process to be a realistic option for dealing with this class of generation. However, in spite of their small size, the

large amount of them means that collectively they will make up a significant portion of generation capacity. This will impact allocations made in the Integrated Resource Plan (IRP).

1.11. In the previous five-year planning period, NERSA has seen that there are developments in the three industries that are not covered by the current industry-specific Acts. This requires a review of the regulatory legislation.

2. UPDATES TO INSTITUTIONAL POLICIES AND STRATEGIES

2.1. Although policy formulation is outside of NERSA's realm of authority, specific policy gaps are continuously identified that require ongoing dialogue and strategic engagement with the Department of Mineral Resources and Energy in order to ensure that there is alignment between NERSA's strategic direction and the Department's policy thrusts.

2.2. In addition to its mandate as per the legislation mentioned in the previous section, the Energy Regulator's decisions are informed by published policies of government. Within the parameters of NERSA's mandate and the resultant functions, NERSA contributes towards critical government priorities and programmes. Below is a summary of NERSA's contributions towards the –

- enabling milestones in the National Development Plan (NDP);
- strategic integrated projects in the National Infrastructure Plan (NIP); and
- seven priorities announced by the Honourable President, Mr Cyril Ramaphosa during the State of the Nation Address (SONA) in Parliament on 20 June 2019

2.2.1. NERSA's contribution to the National Development Plan

2.2.1.1. The National Development Plan (NDP) is a plan for the country to eliminate poverty and reduce inequality by 2030 through uniting South Africans, unleashing the energies of its citizens, growing an inclusive economy, building capabilities, enhancing the capability of the state and leaders working together to solve complex problems. The high-level objectives of the NDP are to:

- Reduce the number of people who live in households with a monthly income below R419 per person (in 2009 prices) from 39% to zero; and
- Reduce inequality, as measured by the Gini Coefficient, from 0.69 to 0.6.

2.2.1.2. Chapter 4 of the NDP deals with *Economic infrastructure – the foundation of social and economic development.* This chapter places emphasis on the need for South Africa to maintain and expand, among others, its electricity infrastructure in order to support economic growth and social development goals. In respect of the regulation of the energy sector, NERSA noted that the NDP calls for more emphasis on stimulating market competition and promoting affordable access to quality services when issuing licences and setting tariffs.

2.2.1.3. In order to achieve the NDP goals by 2030, 19 enabling milestones were identified. Even though NERSA contributes indirectly to most of the enabling milestones, NERSA contributes specifically to 4 pertinent enabling milestones. Table 1 below summarises NERSA's contribution to the relevant enabling milestones.

Table 1: NERSA's contribution to the NDP

Relevant enabling milestones	NERSA's contribution
1: Increase employment from 13 million in 2010 to 24 million in 2030	• Implementation of the Youth Employment Accord; • Implementation of a Learnership Programme as well as an Internship Programme; • Training and development of staff and stakeholders; and

Relevant enabling milestones	NERSA's contribution
	• Techno Girls programme where ten girls from grade 9 to grade 12 are exposed to NERSA's activities through visits to the organisation during school holidays.
4: Establish a competitive base of infrastructure, human resources and regulatory frameworks	• Publication of rules, codes and guides for the regulation of the electricity, piped-gas and petroleum pipelines industries; • Setting rules and frameworks that facilitate the building of new infrastructure; • Setting and/or approving cost reflective tariffs and market related prices that encourage investment; • Facilitating and enforcing third-party access to facilities; • Monitoring compliance through undertaking technical audits leading to regular maintenance and refurbishment of infrastructure and thus contributing to an increase in quality of supply;
5: Ensure that skilled, technical, professional and managerial posts better reflect the country's racial, gender and disability makeup	• NERSA ensures continued compliance with the Skills Development Act. • Implementation of an Employment Equity Plan; • When recruiting new staff members, NERSA ensures as far as possible that the representation within the relevant department and division reflects the country's racial, gender and disability makeup.
6: Broaden ownership of assets to historically disadvantaged groups	• Licensing and the setting and/or approving of tariffs and prices, as in this manner NERSA creates pre-conditions towards the achievement of this milestone; • Issuing licences to eligible applicants to facilitate the meeting of stated socio-economic development targets; • Facilitating and enforcing third-party access to facilities; • Promoting companies that are owned and controlled by Historically Disadvantaged Individuals (HDIs) to become competitive; and • Regulatory advocacy for strengthening the powers of the Regulator.
10: Produce sufficient energy to support industry at competitive prices, ensuring access for poor households, while reducing carbon emissions per unit of power by about one-third	• Regulating in a manner which facilitates security of supply; • Taking affordability into consideration when setting and/or approving tariffs and prices; • Determining inclining block tariffs and free basic electricity tariffs to protect the low income electricity consumers; • Facilitating the conclusion of Power Purchase Agreements between the buyer and the renewable energy Independent Power Producers; • Facilitation of the implementation of the Integrated Resource Plan (IRP) through considering concurring with determinations made by the Minister in line with section 34 of the Electricity Regulation Act, 2006 (Act No. 4 of 2006); • Development and implementation of the Grid Code for renewable energy to facilitate the introduction of renewable energy power producers; • Registration of gas importation and production facilities; • Monitor the implementation of the Gas Utilisation Master Plan (once promulgated).Facilitating access to electricity in setting aside some funds for the Electrification Cross-subsidy as part of determining electricity prices; • Incorporating compliance with the National Environmental Management Act, 1998 (Act No. 107 of 1998) into licence conditions; • Promoting energy efficiency in general in South Africa and in particular in the NERSA building; • Facilitating the transition to a low carbon economy; and • Regulatory advocacy with regard to cleaner fuels policy.

2.2.2. NERSA's contribution to the Medium Term Strategic Framework 2019-2024

2.2.2.1. The Medium Term Strategic Framework (MTSF) is a five-year plan of government that is intended to implement the electoral mandate and the National Development Plan Vision (NDP) 2030.

2.2.2.2. It aims to address the challenges of unemployment, inequality and poverty through three pillars of the NDP:

- Achieving a more capable State
- Driving a strong and inclusive economy;
- Building and strengthening the capabilities of South Africans

2.2.2.3. The seven priorities, which will be achieved through more focused implementation, coordination and integration by the various levels of government including state owned enterprises, the private sector and civil society, are as follows:

- Priority 1: A capable, ethical and developmental state
- Priority 2: Economic transformation and job creation
- Priority 3: Education, skills and health
- Priority 4: Consolidating the social wage through reliable
- and quality basic services
- Priority 5: Spatial integration, human settlements and local government
- Priority 6: Social cohesion and safe communities
- Priority 7: A better Africa and world

2.2.2.4. NERSA identified the following government priorities to which it can contribute – as part of implementing its mandate:

- Priority 2: Economic transformation and job creation
- Priority 3: Education, skills and health
- Priority 7: A better Africa and world

2.2.2.5. Table 2 below summarises NERSA's contribution to Government's priorities.

Table 2: NERSA's contribution to government's priorities

Relevant Priorities	NERSA's contribution
1: A Capable, Ethical and Developmental State	• Transparent regulatory processes; • All decisions and reasons thereof are made public through being published on the website; • The public is invited to make comments prior to decisions being made (written or in public hearing); • Customer education programmes and awareness campaigns; • Training and development of staff and stakeholders, including training to electricity distributors on the completion of the forms requesting information from them; and • Techno Girls programme - where ten girls from grade 9 to grade 12 are exposed to NERSA's activities through visits to the organisation during school holidays.
2: Economic Transformation and Job Creation	By facilitating investment in the energy industry and thereby contributing to economic growth, leading to job creation, NERSA contributes through: • licensing and the setting and/or approving of tariffs and prices, as in this manner NERSA creates pre-conditions towards the achievement of this priority; • approving renewable energy licenses to ensure that the socio-economic development commitments specified in the bidding process are met; • promoting companies that are owned and controlled by Historically Disadvantaged Individuals (HDIs) to become competitive; and • regulating in a manner that facilitates security of supply. Contributing to a competitive and responsive economic infrastructure network through: • Setting rules and frameworks that facilitate the building of new infrastructure;

Relevant Priorities	NERSA's contribution
	• Setting and/or approving cost reflective tariffs and prices that encourage efficient investment; • Facilitating and enforcing third-party access to facilities; • Monitoring compliance and undertaking technical audits leading to regular maintenance and refurbishment of the infrastructure and therefor to the improvement in quality of supply; and • Promoting competition and competitiveness in the energy industry.
Priority 3: Education, skills and health	• Implementation of the Learnership and Internship Programmes; • Implementation of the bursary programme for qualifying external applicants; • Coordinating the design of a regulatory course at an accredited institution of higher learning; and • Coordinating the development of a technical regulatory training and development programme.

2.2.3. NERSA's contribution to the National Infrastructure Plan 2050 – Phase 1

2.2.3.1. The South African Government published the National Infrastructure Plan (NIP) 2050 – Phase in March 2022. The NIP 2050 identifies the most critical actions needed for sustained improvement in public infrastructure delivery. The NIP 2050 will have impact in the short term, but with longer-term imperatives also in view. This phase of the NIP 2050 focuses on four mission critical network sectors that provide a platform: energy, freight transport, water and digital infrastructure.

2.2.3.2. The NIP 2050 gives guidance on themes common to the four sectors, with significant emphasis in building capacity in the following:

- **Knowledge and innovation services,** for capability in planning, monitoring, budgeting, finance, procurement, project preparation, project management and sector-specific innovation. This enables evidence-based decision-making, improves cost-effectiveness, mitigates risk and helps optimise and can contribute significantly to improving infrastructure quality, delivery and sustainability. Building these capabilities will be the NIP's top priority.
- **Public-private cooperation and stimulation of competition**, where appropriate, in the delivery of public infrastructure.
- **Spatial transformation** to promote more inclusive development in line with the National Spatial Development Framework (NSDF).
- **Blended project finance** and innovative green finance.
- **Executive management and technical capability** within the state and its entities, so that they are stable and can lead and deliver with confidence.
- **Economic regulation.**
- Industrial development and localisation in the design and approach to implementation. Examples are localisation of supplier industries to infrastructure projects, driving the establishment of Special Economic Zones around intermodal transport linkage nodes, and the stimulation of the civil construction and supplier industries.
- **Efficient modes of delivery**.
- **A safe, secure and ethical environme**nt for public infrastructure delivery
- **Delivery of an Africa regional infrastructure programme.**
- **South African civil construction and supplier industries**, so that local industry gains from state infrastructure investment.

2.2.3.3. In order to address these challenges and goals, a total of 18 strategic integrated projects (SIPs) have been developed. The following three SIPs were identified for

energy:

a) SIP 8: Green energy in support of the South African economy
- Support sustainable green energy initiatives on a national scale through a diverse range of clean energy options as envisaged in the Integrated Resource Plan (IRP2010).
- Support bio-fuel production facilities.

b) SIP 9: Electricity generation to support socio-economic development
- Accelerate the construction of new electricity generation capacity in accordance with the IRP2010 to meet the needs of the economy and address historical imbalances.
- Monitor implementation of major projects such as new power stations: Medupi, Kusile and Ingula.

c) SIP 10: Electricity transmission and distribution for all
- Expand the transmission and distribution network to address historical imbalances, provide access to electricity for all and support economic development.
- Align the 10-year transmission plan, the services backlog, the national broadband roll-out and the freight rail line development to leverage off regulatory approvals, supply chain and project development capacity.

2.2.3.4. Table 3 below summarises NERSA's contribution to the relevant strategic integrated projects (SIPs).

Table 3: NERSA's contribution to the NIP

Relevant SIPs	NERSA's contribution
8: Green energy in support of the South African economy	• Facilitating the conclusion of Power Purchase Agreements between the buyer and the renewable energy Independent Power Producers; • Incorporating compliance with the National Environmental Management Act, 1998 (Act No. 107 of 1998) into licence conditions; • Facilitation of the implementation of the Integrated Resource Plan (IRP) through considering concurring with determinations made by the Minister in line with section 34 of the Electricity Regulation Act, 2006 (Act No. 4 of 2006); • Facilitating the transition to a low carbon economy; and • Regulatory advocacy with regard to cleaner fuels policy.
9: Electricity generation to support socio-economic development	• Regulating in a manner which facilitates security of supply and investment; • Facilitating the conclusion of Power Purchase Agreements between the buyer and the renewable energy Independent Power Producers; • Setting rules and frameworks that facilitate the building of new infrastructure; • Setting and/or approving cost reflective tariffs and prices that encourage investment; • Monitoring compliance through undertaking technical audits leading to regular maintenance and refurbishment of infrastructure and thus contributing to an improvement in quality of supply.
10: Electricity transmission and distribution for all	• Facilitating access to electricity in setting aside some funds for the Electrification Cross-subsidy as part of determining electricity prices; • Taking affordability into consideration when setting and/or approving tariffs and prices, while allowing a provision for expansion of current operations; • Determining inclining block tariffs and free basic electricity tariffs to protect the low income electricity consumers; • Facilitating reliability of supply; • Determining benchmarks and monitoring maintenance of infrastructure;

Relevant SIPs	NERSA's contribution
	• Auditing of the implementation of the Transmission Development Plan; • Monitoring compliance with licence conditions; and • Dispute resolution, including mediation, arbitration and handling of complaints.

3. UPDATES TO RELEVANT COURT RULINGS

3.1. The ruling by the courts in the following case could have an impact on the operations or service delivery obligations.

3.2. SUNRISE ENERGY (PTY) LTD//NERSA

3.2.1. A review application brought by Sunrise Energy (Pty) Ltd ('Sunrise Energy') challenging NERSA's decision of 25 February 2021. In that decision, NERSA decided not to approve the recalculated 2016 base tariffs applied for by Sunrise Energy as a condition of the operation licence (No.PPL.sf.It.F3/201/2015) for Sunrise Energy's Liquefied Petroleum Gas ('LPG') loading and storage facilities located at Saldanha Bay, Western Cape Province.

3.2.2. NERSA is opposing the application.

Part B: Our Strategic Focus

4. UPDATED EXTERNAL SITUATIONAL ANALYSIS

The performance environment of NERSA is impacted upon by energy demand and supply trends and developments in the global, continental, regional and national environments.

4.1. GLOBAL TRENDS

4.1.1. Overview

4.1.1.1. Russia has cut Finland off from its natural gas supplies as relations between the two neighbours sour over the Nordic nation's decision to join the defense alliance NATO. Finland is the third European country to lose gas from Russia, after refusing to pay for the fuel in rubles. Flows on the main pipeline from the region's top supplier were halted in the early hours of the 21st of May 2022. Poland and Bulgaria had their supplies cut off for the same reason in April 2022 (Bloomberg, 2022). Despite its invasion of Ukraine on the 24 of February 2022, Russia continues to supply gas to many European countries. After Western powers sanctioned Russia over the war, Russia said "unfriendly" countries must pay for gas using the Russian currency, a move the European Union considered as blackmail. Russia seemingly has resorted to the use energy supply warfare as countries that are antagonistic to its moves are either cut off from natural gas supply or suffer massive supply reductions.

4.1.1.2. Reliance on Russian energy is a contributing factor in the cost-of-living crisis faced by many consumers in Europe. Finland imports most of its gas from Russia but gas accounts for less than a tenth of the country's energy consumption.

4.1.1.3. According to OfGEM (2022), since Summer 2021 the scale and pace of natural gas wholesale price increases have been unprecedented and the pressure this has placed on the industry is quite enormous. Since August 2021 to the first quarter of 2022, at least 29 natural gas suppliers have exited the market. The high and volatile market prices are creating costs and risks for suppliers beyond those provided for in the current price cap. With effect from 01 April 2022 Ofgem made a pronouncement that will address these short-term risks associated with its price cap regime. Should the Russia and Ukraine problem not be resolved by winter time in the northern hemisphere the gas prices will increase even more.

4.1.1.4. Ofgem has reiterated that there may be a need to change the methodology if the external environment changed. This has happened and the case for change is clear – a view also held by stakeholders. A key challenge confronting Ofgem is to find a solution that reduces the costs and risks facing suppliers so that energy bills can be kept low. Whilst preserving the wider benefits of the price cap for consumers – the choices are finely balanced. Market risks currently sit with suppliers, causing large losses and exits at times of market instability, which in turn leads to higher costs for consumers; but shifting all the risk to consumers would leave them with more volatile energy bills.

4.1.1.5. A particularly challenging risk for suppliers in the British market is that the time lag between market prices and their reflection in the price cap can lead to volume risk: when energy prices rise sharply, active consumers will move to the price cap tariff, leaving suppliers with higher demand than they expected or hedged for, which they have to meet at high market prices. When prices fall, those consumers then move off the price cap tariff, leaving suppliers with unexpectedly low demand. In both cases, this can cause large, hard to avoid losses for suppliers, which can ultimately lead to higher prices for consumers

4.1.2. The Global Petroleum Industry

4.1.2.1. The Brent Crude oil price has risen to levels above $US100 per barrel (approximately R1 541) in the immediate aftermath of the invasion of Ukraine by Russia on the 24th of February 2022. Brent Crude price has also risen with reports from the Asian market revealing that the increase is the highest since September 2014. The United States West Texas Intermediate (WTI) crude price for future contracts increased by about $US4.22 (4.6 per cent) to $US96.32 a barrel, after rising to as much as $96.51, also the highest since August 2014. Insights obtained from various sources through Afriforesight indicate that oil prices are likely going to be persistently volatile throughout the first quarter of 2022 and even into the second quarter as the outlook remains bleak as the market tightens further.

4.1.2.2. Crude oil prices have risen with rising tension between Russia and Ukraine and overshooting to levels beyond US$100 per barrel when the war between these jurisdictions started on 24 February 2022. The market for crude oil remain integrated as the price differential remain very narrow due to the oligopolistic nature of the market.

4.1.2.3. A comparison of diesel prices in key markets from May 2021 to May 2022 is presented below:

Table 4: A comparison of diesel prices between South Africa, the USA, Europe and Asia

Month	Europe ARA	Asia Singapore	South Africa (Basic Fuel Price)	South Africa (GP-Wholesale)	United States (New York)	United States (Gulf coast)
May-21	46,8	46,5	47,2	103,3	53,4	45,9
Jun-21	49,9	49,6	49,1	105,7	56,0	48,9
Jul-21	50,5	50,2	49,9	104,1	56,3	48,9
Aug-21	48,9	48,1	52,3	106,1	54,7	47,3
Sep-21	53,0	52,1	51,4	106,5	58,1	52,5
Oct-21	61,0	60,0	52,2	106,0	66,5	59,5
Nov-21	58,3	57,7	59,1	110,7	62,7	55,9
Dec-21	54,5	54,1	60,6	113,3	59,5	52,7
Jan-22	62,9	62,3	57,4	111,6	68,9	62,5
Feb-22	70,1	69,4	64,5	118,8	75,1	70,2
Mar-22	96,7	89,0	74,5	130,7	96,5	91,6
Apr-22	93,0	93,8	94,8	141,3	102,2	103,0
May-22	95,6	96,6	95,4	139,6	103	97,8
Jun-22	109,3	111,1	102,5	146,9	113,7	108,2

Sources: US New York (NYMEX), US Gulf Coast (Refinitiv), Europe ARA (ICE), Asia (Refinitive), South Africa (Central Energy Fund)

4.1.2.4. Taking into cognizance of the fact that these prices are reflecting different quality grades of diesel and wholesale prices that are differently influenced by local factors. Prices have risen driven by rising crude oil prices and local factors in the markets.

4.1.2.5. The international LPG market has depicted that price discovery in this key commodity is linked to crude oil prices and prices of other fossil fuels or forms of energy. Table 5 below shows how prices from the five key regions provided by various sources through Afriforesight (2022) have trended.

Country	Saudi Arabia	US	Algeria	North Sea	Mediterranean	Japan	South Africa
Mix (Propane: Butane)	60:40	60:40	60:40	60:40	60:40	60:40	60:40
Date	$/t	$/t	$/t	$/t	$/t	$/t	$/t
May-21	487	398	463	485	474	544	744
Jun-21	528	471	494	553	542	622	673
Jul-21	620	532	599	631	620	682	678
Aug-21	658	545	632	641	627	695	782
Sep-21	665	630	652	717	717	779	841
Oct-21	798	710	782	822	824	870	822
Nov-21	854	611	822	775	778	791	927
Dec-21	777	505	724	673	673	703	995
Jan-22	728	571	706	751	751	784	964
Feb-22	775	626	743	786	786	833	920
Mar-22	905	692	842	908	907	952	971
Apr-22	948	636	894	823	826	858	1 091
May-22	854	597	772	801	804	822	1 067
June-22	750	595	768	730	717	766	1044

Sources: Aramco (Saudi Arabia), Refinitive (US, North Sea & Japan), Central Energy Fund (South Africa).

4.1.2.6. LPG prices have surged earlier on in the first quarter of 2022 due to a tightening market supply that has been globally attributed to refinery closures around the world. The South African market for LPG has been affected in the same manner, aggravated closures of at least two local refineries and surging global price benchmarks.

4.1.2.7. The crude oil price surge is the key driver to the global LPG price trajectory, also the supply from the key producers was having a pretty outsized impact, and then demand, in particular, from the petrochemical sector. The South African market is leading in that price trajectory compared to other regional markets in question. In June 2022 the expectation is that prices should remain elevated due to high oil and natural gas prices. As oil prices and natural gas prices are expected to decline in the second half of 2022 and the first half of 2022, LPG prices are anticipated to follow the same trend.

4.1.2.8. The Rand has also weakened significantly against major world currencies. Global investors' confidence has been adversely affected by geopolitical tensions mainly between Ukraine and Russia. This unfortunate global development has been aggravated by the response from the European Union and countries that are part

of the North Atlantic Trade Organization (NATO), with various economic sanctions declared on Russia. The Russian – Ukraine aggression has shaken all commodity markets as well as financial markets in most jurisdictions around the world. Rising crude oil prices and the weakening of the exchange rate definitely put upward pressure on petrol and diesel prices among other petroleum products in South Africa.

4.1.2.9. Interest rates have gone up and will affect economic growth. South Africa's value-added exports have not increased significantly. Political instability and hostility in Central Eastern Europe (CEE) is affecting emerging economies. Global energy value chains have been disrupted as Russia's aggression towards Ukraine gets fortified. Russia has remained adamant that it will not tolerate the expansion of NATO's interests in CEE. Russia is the world's second-largest oil producer and a key supplier of crude oil to European refineries. It is also the largest supplier of natural gas to Europe, providing about 35 per cent of its supply.

4.1.2.10. This growing uncertainty, given that the global energy market has been persistently tight, aggravates investment risk and economic vulnerability to all net energy importers around the world. According to the American Petroleum Institute (API), U.S. crude stockpiles rose 6 million barrels in the week ending 25 February 2022.

4.1.3. The Global Gas Industry

4.1.3.1. Global gas demand in 2021 remains subject to significant uncertainty regarding not only electricity demand and industrial production but also the price evolution of gas against that of coal in key markets such as the United States. This has been largely driven by changes in weather patterns across the northern hemisphere towards the end of 2021. In the Asian pacific basin and Asia, natural gas prices have risen in the third quarter of 2021 anticipated to increase further in the first quarter of 2022. Price increases are attributed to seasonal peaks, as strong increases in demand outweigh slower LNG supply growth and oil-linked contract prices rise. Natural gas demand is expected to rise strongly, as 'dirtier' fuels like coal are phased out. Increasing demand in China and South Korea should outweigh decreasing demand in Japan, which is ramping up its nuclear capacity. Supply growth is expected to slow as the ramp-up of some new LNG capacity in Australia draws to a close and US project investment slows after 2020's low prices.

4.1.3.2. Prices to rise strongly on growth in domestic and export demand. In the United States domestic demand should increase firmly due to a) the ongoing shift from coal to gas-fired power generation, b) growth in chemical production (where gas is used as both a fuel and a feedstock), c) greater heating and cooling demand on the back of more frequent weather anomalies. Producers are increasingly exporting gas to the higher-priced Asian market, and to a lesser extent Europe, as domestic LNG operations brought online in recent years ramped up. Delays in the completion of the Nord Stream pipeline have constrained the supply of piped natural gas from Russia to South-East and North-West Europe. Geopolitical factors have also constrained the supply of Algerian piped gas and LNG through Morrocco to Spain and Italy, thereby aggravating shortages in Europe in the third quarter of 2021. According to Afriforesight (2021), price increases should be held back as rising oil prices incentivise more shale production.

4.1.3.3. Inflows of LNG into Britain's regasification terminals have risen. Such inflows have exerted downward pressure on natural gas prices on the spot market in Britain compared with northern Europe, which lacks such facilities. This is a positive development for consumers struggling with high bills. However, energy suppliers buy gas on longer-term contracts, where the price has not fallen. Britain's storage capacity is piddling, even more so since Rough, its largest facility, closed in 2017. With nowhere to put the gas, it is being exported to Europe or used to generate electricity.

4.1.3.4. The European Union could reduce its imports of Russian natural gas by more than one-third within a year through a combination of measures that would be consistent with the European Green Deal and support energy security and affordability (IEA, 2022).

4.1.3.5. Europe's reliance on imported natural gas from Russia has been thrown into sharp relief by Russia's invasion of Ukraine. The IEA's 10-Point Plan to Reduce the European Union's reliance on Russian Natural Gas includes a range of complementary actions that can be taken in the coming months, such as turning more to other suppliers, drawing on other energy sources and accelerating efforts to provide consumers, businesses and industry with the means to use clean and efficient alternatives to natural gas. The proposed measures are fully consistent with the EU's European Green Deal and its Fit for 55 packages, paving the way for further emissions reductions in the years to come. The EIA's 10 points are as follows:

a) No new gas supply contracts with Russia.
b) Replacement of Russian supplies with gas from alternative sources.
c) Introduction of minimum gas storage obligations to enhance market resilience.
d) Acceleration of the deployment of new wind and solar projects.
e) Maximisation of generation from existing dispatchable low-emissions sources particularly from bioenergy and nuclear.
f) Enact short-term measures to shelter vulnerable electricity consumers from high prices.
g) Speed up the replacement of gas boilers with heat pumps.
h) Acceleration of energy efficiency improvements in buildings and industry.
i) Encouragement of a temporary thermostat adjustment by consumers.
j) Step up efforts to diversify and decarbonise sources of power system flexibility.

4.1.3.6. In 2021, the European Union imported 155 billion cubic metres of natural gas from Russia, accounting for around 45% of EU gas imports and close to 40% of its total gas consumption. Progress towards Europe's net-zero ambitions will bring down its use and imports of gas over time, but today's crisis raises the specific question about imports from Russia and what more can be done in the immediate future to bring them down.

4.1.3.7. Russians have been accused of using their natural gas resources as an economic and political weapon. According to IEA (2022), the IEA's 10-Point Plan provides practical steps to cut Europe's reliance on Russian gas imports by over a third within a year while supporting the shift to clean energy in a secure and affordable manner. Europe needs to rapidly reduce the dominant role of Russia in its energy markets and ramp up the alternatives as quickly as possible.

4.1.3.8. Kadri Simson (2022), European Commissioner for Energy, has recently called for a reduction in the European Union's dependence on Russian gas as a strategic imperative. EU has significantly diversified natural gas supplies, building LNG terminals and new interconnectors. However, Russia's attack on Ukraine has emerged as a watershed moment. The EU is proposing a pathway for Europe to become independent from Russian gas as soon as possible. The IEA's analysis outlines several concrete steps that could be taken toward that goal.

4.1.3.9. The key actions recommended in the IEA's 10-Point Plan include not signing any new gas contracts with Russia; maximising gas supplies from other sources; accelerating the deployment of solar and wind; making the most of existing low emissions energy sources, such as nuclear and renewables; and ramping up energy efficiency measures in homes and businesses.

4.1.3.10. Taken together, these steps could reduce the European Union's imports of Russian gas by more than 50 billion cubic metres, or over one-third, within a year (IEA, 2022). This takes into account the need for additional refilling of European gas storage facilities in 2022. Many of the actions recommended in the plan – including stepping up energy efficiency measures, accelerating renewable deployment and expanding low emissions sources of power system flexibility – are key elements of the IEA's Roadmap to Net Zero by 2050.

4.1.3.11. The IEA analysis notes that other avenues are available to the EU if it wishes or needs to reduce reliance on Russian gas even more quickly – but with significant trade-offs. The major near-term option would involve switching away from gas consumption in the power sector via increased use of Europe's coal-fired fleet or by using alternative fuels, such as oil, within existing gas-fired power plants.

4.1.3.12. Given that these alternatives to gas use are not aligned with the European Green Deal, they are not included in the 10-Point Plan described above. They may also be costly from an economic point of view. However, they could displace large volumes of gas relatively quickly. If the fuel-switching option were to be fully exercised in addition to the complete implementation of the 10-Point Plan described above, it would result in a total annual reduction in EU imports of gas from Russia of more than 80 billion cubic metres, or over half, while still resulting in a modest decline in overall emissions.

4.1.3.13. Reducing reliance on Russian gas will not be simple for the EU, requiring a concerted and sustained policy effort across multiple sectors, alongside strong international dialogue on energy markets and security. There are multiple links between Europe's policy choices and broader global market balances. Strengthened international collaboration with alternative pipeline and LNG exporters – and with other major gas importers and consumers – has been identified as critical. Clear communication between governments, industry and consumers has become an essential element for successful implementation. As the world's leading energy authority, the IEA seek to continue to serve as a focal point for global dialogue on how to ensure a secure and sustainable energy future.

4.1.3.14. The Natural Gas Price reductions in Latin America that was observed from April to May 2022 are attributed to a decline in seasonally lower heating demand in Mexico and other forces suppressing domestic demand for natural gas. In

Argentina and Brazil, price decreases are driven by a decline in demand for LNG in Europe and the Asian markets.

4.1.3.15. A rise in LNG export demand has created external demand for US shale gas especially as the European premium attracts more exports than before with war and tension between Russia and Ukraine forcing NATO to look for substitutes for Russian piped gas as well as LNG.

4.1.3.16. In North-West Europe, Central, Europe and the Scandinavian Peninsula as well as in Mediterranean Europe Natural gas prices have surged throughout in the last quarter of 2021 and beginning of 2022 due to a combination of factors including the effect of a prolonged cold weather in the northern hemisphere and the ongoing Russia-Ukraine war with deteriorating geopolitical conditions.

4.1.3.17. In the Middle East and Asia, natural gas prices have generally declined marginally month on month, from April to May 2022. However, prices have risen significantly between from May to June 2022. The Australian Wallumbilla hub price has significantly decreased from April to June 2022 by more than 50%. Overall, prices in Asia and the Middle East have shown that heating demand has gone down against rising supply leading to a decline in the Asian premium and low gas prices in general. A decline in Asian prices has also pushed prices in the Middle East downwards since countries like UAE, and Pakistan are exporters to Asia and the Asian Pacific.

4.1.3.18. Globally, natural gas prices have moved on a trajectory due to persistent geopolitical factors. A solid demand for energy in the United States and worldwide continues to push energy prices higher, so traders may soon push natural gas prices to a higher level. EIA (2022) data reveals that working gas in storage is 15.1% lower compared to the five-year average. Inventories of crude oil in the United States are also 15% below the five-year average which is a clear indication that energy markets remain tight. According to EIA (2022), LNG prices have averaged US$23.77/MMBtu in East Asia and US$26.51/MMBtu in Europe. The huge spread between U.S. natural gas prices and international spot prices will likely remain intact thereby showing that the world gas market remains tight due to developments in the United States.

4.1.3.19. Global gas price formation remains very contentious due to market distortions induced by unsolved geopolitical conflict emanating primarily between Russia and Ukraine. Weather conditions in Europe and Asia have become significantly warmer. Other potential catalysts like oil prices or international spot prices have surged with no sign of retreat. Oil markets have responded to the easing of global lockdowns and other movement restrictions aligned to COVID-19 protocols. International spot prices have been driven by the global energy crunch and the challenging geopolitical situation. In the outlook, natural gas prices may be driven by tight energy markets and increased electricity consumption as Europe and Asia enjoy warmer summer weather.

4.1.4. The Global Gas Industry

4.1.4.1. The growth of coal consumption in 2021 is a continuation of the rebound in global coal demand that began in the final quarter of 2020. While an exceptionally cold snap in December 2021 in northeast Asia was partly to blame for increasing coal

demand, the rapid growth of coal-fired electricity generation is a reminder of coal's central role in fuelling some of the world's largest economies.

4.1.4.2. Strong economic growth underpins electricity demand in 2021, while post-COVID stimulus measures support the production of steel, cement and other coal-intensive industrial products. Coal demand was expected to increase by more than 4% in 2021, keeping demand well above the 2014 peak and reaching the highest ever levels for China. The Chinese coal power fleet (including combined heat and power, or CHP, plants) represents around one-third of global coal consumption. The future of both Chinese and global coal demand depends on the Chinese electricity system.

4.1.4.3. Electricity demand growth remains closely linked to economic growth in China, with demand increasing on a one-to-one ratio with GDP. What additional share of electricity demand is met by coal depends on how fast technologies such as renewables and nuclear come online. In 2021, despite the Covid-19 outbreak, renewable capacity additions increased to over 100 GW, largely owing to rushes to complete projects before a subsidy phase-out deadline. Because of accelerating increases in renewables deployment, coal is expected to meet only 45% of the projected 8% increase in electricity demand in 2021.

4.1.4.4. Table 6 below shows electricity prices based on historical data spanning from March 2021 to March 2022 with indications of price type to facilitate a reasonable comparison. This is high frequency data extracted to have price proxies per region juxtaposed with the South African mining tariff.

Table6: Regional Electricity Prices for a comparison with the South African Mining Tariff

Region	US (New York West)	UK	France	Germany	Japan	South Africa
Price type	Average of peak and off peak	Baseload	Baseload	Baseload	Baseload	Mining tariff
Unit	USc/kWh	USc/kWh	USc/kWh	USc/kWh	USc/kWh	USc/kWh
Mar-21	13,36	8,22	6,14	5,75	5,71	6,94
Apr-21	9,59	9,41	7,93	6,91	6,17	8,84
May-21	14,99	10,87	7,53	7,15	5,88	8,84
Jun-21	26,52	11,02	9,31	9,36	6,51	8,84
Jul-21	34,99	12,78	9,27	9,77	7,29	8,84
Aug-21	41,82	14,97	9,95	10,48	7,07	8,84
Sep-21	34,72	29,14	16,53	15,44	7,20	8,84
Oct-21	41,06	26,53	21,25	17,29	10,88	8,84
Nov-21	39,87	24,46	26,11	20,09	16,26	8,84
Dec-21	31,93	35,93	31,14	25,71	15,08	8,84
Jan-22	95,65	26,16	25,62	20,36	19,28	8,84
Feb-22	62,12	22,98	22,13	16,40	18,01	8,84
Mar-22	33,34	33,74	33,68	28,62	21,94	8,84

Sources: Refinitiv (UK, France, Germany), Eskom (South Africa), New York Independent System Operator (United States), Japan Electric Power Exchange (Japan).

4.1.4.5. Price data presented in Table 6 shows that the South African mining tariff as a price proxy is significantly lower than the baseload tariff regimes in the three selected European countries, the United States and the Japanese base load tariff representing the Asian electricity price regime. Out of scope analysis has also

demonstrated that the global electricity market is partially integrated with regional price regimes demonstrating a long run causal relationship. There is reasonable statistical evidence showing that the South African mining tariff is linked to regional baseload tariffs.

4.1.4.6. At a global level, hydroelectricity generation decreased by around 1.4% in 2021, the first fall since 2015. In contrast, nuclear generation increased by 4.2% – the strongest increase since 2004 – led by China. Electricity generation increased by 6.2% in 2021 – similar to the strong bounce back seen in 2010 in the aftermath of the financial crisis (6.4%). Wind solar reached a 10.2% share of power generation in 2021, the first time wind and solar power have provided more than 10% of global power and surpassing the contribution of nuclear energy. Coal remained the dominant fuel for power generation in 2021, with its share increasing to 36%, up from 35.1% in 2020. Natural gas in power generation increased by 2.6% in 2021, although its share decreased from 23.7% in 2020 to 22.9% in 2021.

4.1.4.7. As presented in the BP 2022 Statistical Review (June 2022), the share of renewables (excluding hydro) in global power generation continued its rising trend, driven by strong expansion in solar and wind energy. Renewables share in power generation reached almost 13% in 2021, higher than the share of nuclear energy (9.8%). The share of coal in the power sector increased slightly from 35% to 36% in 2021 but remained below its 2019 level. The share of gas generation in 2021 remained close to its 10-year average level.

4.1.4.8. In Australia the country's national energy market (NEM) experienced an unprecedented episode of extreme volatility and high wholesale electricity prices which ultimately led the Australian Electricity Market Operator (AEMO) to temporarily suspend market operations from 15 to 24 June 2022, an unprecedented event. As is often the case, the episode was the result of multiple causes all contributing to the unusually high and volatile prices. While the war in Ukraine is geographically far from Asia Pacific, its impact has reached Australia, causing both natural gas and coal prices to rise to unprecedented high levels. This coupled with planned and unplanned outages at several large coal-fired plants – with a shortfall of 25% of normal generation capacity – and an unusually cold weather resulted in excessively high demand, limited supplies and high fuel prices. According to the EEnergy Informer (July 2022), the Australian energy market has failed to cope with both planned and unplanned power outages.

4.1.4.9. According to the Energy Information Administration (EIA, June 2022), the United States of America had 65 GW of installed utility-scale solar capacity, a 31% increase since June 2021. This accounts for one-third of total solar capacity is in the Texas. There is also an estimated 138 GW of wind capacity online this June, a 12% increase from last June. The EIA expected an additional 6 GW of new natural gas combined-cycle generation to come online by June 2022, a mere increase of 2% from last summer. Gas fired generation is expected to decline 1.3% from last summer since gas prices at nearly $9 per million British thermal units (BTUs) between June and August 2022 are more than double the average price last summer. The US electricity generation industry has been steadily retiring coal-fired plants over the past decade, retiring 6 GW between June 2021-22.

4.1.4.10. Climate and energy ministers of the Group of Seven western industrialized countries (the G7) met in Berlin during the last week of May 2022. However, prior

to the Russia - Ukraine war, the G7 vowed to decarbonize their electricity sectors within 13 years. Following the meeting, they agreed to decarbonize their electricity sectors by 2035.

4.1.4.11. New data from the Joint Organisations Data Initiative (2022) shows that global oil demand surpassed pre-pandemic levels in March, while production of crude oil was stuck at 97 percent of the level before the onset of COVID-19.The JODI (2022) oil and gas database, with more than 50 countries reporting data for the latest month of March 2022 accounts for 70% of global oil demand and 55% of global crude production.

4.1.4.12. Highlights from the aggregated total of countries that reported oil data for March 2022 include the following key points:

a) Oil demand in March was at 101% of 2019 levels while crude production was only at 97%.
b) Demand exceeded 2019 levels despite sharp declines in China.
c) Crude production is materially lower now vs. 2019 in Nigeria, US, Angola, Iraq, and the UK.
d) Demand for gasoline, diesel, and LPG exceeded pre-COVID levels in March 2022, but jet fuel demand was 25% lower than 2019 levels.
e) Product inventories in March 2022 fell by 32.4 mb (slightly more than the seasonal average) and are now 99.8 mb below the 5-year average.
f) Crude inventories in March increased by 12.7 mb (slightly less than the seasonal average) and are now 284 mb below the 5-year average.

4.1.4.13. In Saudi Arabia and the Middle East, production of crude oil in March 2022 increased by 75 kb/d to 10.30 mb/d. It is now 2.16 mb/d above year-ago levels.

4.1.4.14. Crude oil exports in March declined by 72 kb/d to 7.24 mb/d and product exports declined by 207 kb/d to 1.49 mb/d. Crude oil inventories declined by 1.3 mb in March to 135.8 mb.

4.1.4.15. Crude production in the United States as of March 2022, increased by 356 kb/d to 11.67 mb/d. It is now 508 kb/d above year-ago levels, but still 1.15 mb/d below March 2020 levels. Total product exports in March increased by 921 kb/d to 5.93 mb/d – the highest level recorded in the JODI database. March 2022 crude inventories fell by 11.1 mb to 977 mb and are now at their lowest level since 2007.

4.1.4.16. China’s total product demand for petroleum products fell by 1.47 mb/d in March to 14.49 mb/d and was 688 kb/d below year-ago levels with crude oil imports declining by 1.15 mb/d in March 2022 to 10.09 mb/d. China's total product exports increased marginally by 22 kb/d in March to 1.03 mb/d but were 660 kb/d below year-ago levels.

4.1.4.17. JODI (2022) natural gas data shows March demand was at 94% of year-ago levels and below the 5-year average while production was at 97% of 2021 levels and above the 5-year average. Gas inventories declined by 8.4 bcm (less than the seasonal average) and are now 20.7 bcm below the 5 year average.

4.2. CONTINENTAL AND REGIONAL DEVELOPMENTS

4.2.1. Continental developments

4.2.1.1. There is a need to improve access to modern energy to boost Africa's economic development. Currently, in sub-Saharan Africa, fossil fuels make up about 40% of the total energy mix. We can expect a rise in these numbers as oil and natural gas exploration projects accelerate throughout the continent. Despite the massive impact of the COVID-19 pandemic on fossil fuel development and investment, the discovery of new light oil and shale gas reservoirs has reaffirmed Africa's position and potential to be a key oil-producing region.

4.2.1.2. The most famous discovery of 2021 was the discovery of a massive reserve of light oil off the coast of Angola. Discovered by Eni Offshore Angola, the reserve holds the potential for 200-250 million barrels of oil. This will make West Africa, the second-largest oil-producing country in the sub-Saharan region.

4.2.1.3. In 2021, pockets of shale gas were also discovered in South Africa's Karoo Basin as announced by the Department of Mineral Resources and Energy. Initial testing and sampling results have shown promising results. Findings indicate that the country holds a potential 390 trillion cubic feet of recoverable natural gas. Such findings will drive the Southern-African country's economy and facilitate them towards a clean energy transition.

4.2.1.4. Such oil and gas discoveries along with regulatory changes will present significant opportunities across the continent. Oil and gas field service providers will be the primary beneficiaries of the aforementioned trend. With the rapid growth in energy demand and expansion of local consumer markets, oil exploration companies will be targeting drilling service providers. According to Future Market Insights' (2022) report on the Oil and Gas Field Service Market, a surge in petroleum products prices and advancement in enhanced oil recovery techniques will be the key growth drivers for the industry in 2022 in this region.

4.2.1.5. Increasing investment in research and development of time-saving drilling rigs is expected to revolutionise the oil extraction and production industry in upcoming years.

4.2.1.6. Natural gas pipelines are required to transport gas from gas wells to processing plants, import-export facilities, and homes. Therefore, an increase in Greenfield and Brownfield exploration activities will prompt the oil companies to establish a system of interconnected natural gas pipelines for the region. As these exploration activities are carried out in harsh environmental conditions, the demand for high-performance gas valves will increase. According to the Future Market Insights report, the sales of high-performance oil and gas valves will surpass $12 billion by 2022 year-end.

4.2.1.7. These new oil and gas values are made of corrosion-resistant alloy (CRA) and can withstand high temperatures, corrosion and sour gas. The introduction of these pressure regulators in every African country will streamline the gas trade within the continent. We are also seeing a sharp increase in the construction of natural gas pipelines across the continent. As governments are eyeing to increase gas exports

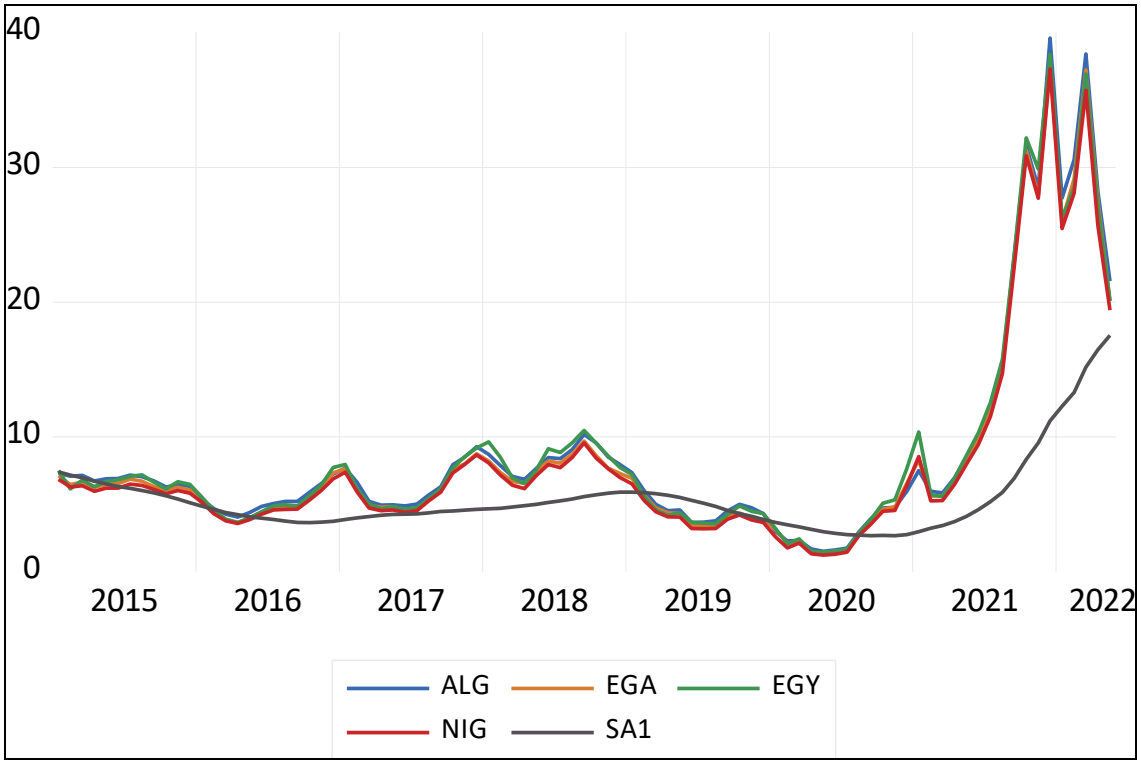
to international markets, the demand for piping services and oil and gas values will increase significantly.

4.2.1.8. Some of the most popular projects include:

a) The proposed $6 billion African Renaissance pipeline project connects Mozambique's gas-rich Robma River basin to Gauteng, South Africa.
b) Proposal for a 1,800km Tanzania-Uganda Natural Gas Pipeline Project to transport LNG from Dar-es-Salaam, Tanzania to Kampala, Uganda.
c) The proposed Ajaokuta Kaduna Kano natural gas pipeline will serve as part of the broader Trans-Nigeria pipeline project. These pipeline projects will not only promote gas exports from Africa but also increase gas trade within Africa.

4.2.1.9. Figure 1 below shows natural gas price trends in Nigeria, Equatorial Guinea, Egypt, Algeria and South Africa for comparison. It is demonstrated that natural gas prices as calculated by Afriforesight (2022) are co-trending and that they are LNG netback prices with full recognition that the basis of comparison is compromised by the fact that the South African price is strictly a piped gas price. The South African price is ambiguously trending with continental benchmark prices over the period from May 2021 to May 2022.

Figure 1: Natural Gas Trends



Source: own analysis in Eviews 11

4.2.1.10. As at 30 June 2022 considering from April, natural gas prices in the 5 African countries considered and reported by Afriforesight were as follows.

Table 7: Natural Gas Prices in 5 African countries considered.

	April	May	June
Country	**Price (US$/GJ)**		
Algeria	28.18	21.36	32.21
Equatorial Guinea	27.51	20.08	30.96
Egypt	27.09	20.10	30.73
Nigeria	25.67	19.40	29.79
South Africa	16.47	17.54	18.78

Sources: Algeria (S&P Global; Afriforesight), Egypt (S&P Global and Afroforesight), Equatorial Guinea (S&P Global; Refinitiv and Afriforesight)

4.2.1.11. Month on month price reductions in the four net LNG exporting countries is primarily driven by downward pressure on natural gas prices between April and May in most European countries and the Asian region due to a decline in demand.

4.2.1.12. Africa's energy crisis continues to serve as a direct constraint economic growth. Currently, more than 600 million people do not have access to electricity and more than 900 million do not have access to clean fuel for cooking (International Energy Agency, 2022). Electrification of rural areas has become a priority for many African governments. Infrastructure deficits and untapped resources, combined with a net-zero emissions target have created notable opportunities for foreign investors in the green energy sector.

4.2.1.13. Renewable energy is becoming an important part of Africa's energy sector. It has gained significant traction and investment in recent years. Although the continent's energy composition is almost entirely composed of fossil fuels and biomass, renewable energy is projected to account for a major chunk of total power generation capacity in the next ten years.

4.2.1.14. Early movers in renewable energy development are Egypt, South Africa, and Ethiopia. 2022 is expected to be a very productive and profitable year for Egypt, as the country aims at producing 20% of electricity from renewable energy sources by 2023. With the 1,650MW Benban Solarpark, which went live in 2019, and the ongoing $37 million solar plus storage project to power Egypt's Sukari gold mine, Egypt has taken steps towards integrating solar in its energy structure.

4.2.1.15. The Grand Ethiopian Renaissance Dam plans to add 6.45GW of installed capacity to the Ethiopian country's power grid. When completed, the dam will be the largest hydroelectric power plant in Africa and the seventh-largest in the world (Kaitwade, 2022).

4.2.1.16. Southern Africa has become characterised by supply insecurity in recent years. The electricity generation industry is seen as a critical vehicle for regional integration and industrial development. It is historically defined by national, centralised, state-utility monopoly supply. Decades of low revenue, high debt, under-investment and poor maintenance have left the industry falling behind population growth and electricity demand while a significant percentage of installed capacity is unavailable due to breakdowns and transmission failures. As a result, the region regularly experiences power cuts.

4.2.1.17. The regional industry is well-integrated and well-organised in the Southern African Power Pool and there are significant plans to expand capacity. Regulatory reforms are intended to attract private sector participation in electricity generation, principal among them the acceleration of private sector-led renewable energy investment. This has included everything from hydroelectric mega projects to small solar-powered generation.

4.2.2. Developments in Southern Africa

4.2.2.1. Southern Africa is loosely divided into a hydro-rich north and thermal-rich south, which is reflected in the mix of energy sources used in generating electricity. The region has significant and largely untapped natural energy resources that make the transition away from carbon-heavy fossil fuels to renewable energy a real possibility. Just over a quarter of hydroelectric power and biomass electricity potential is realised as is 1% of solar and wind power and less than that for geothermal power. There is a small but growing presence of independent power producers supplying the Southern African Grid.

4.3. CONTINENTAL AND REGIONAL DEVELOPMENTS

4.3.1. Electricity

4.3.1.1. The Electricity Regulation Act has been amended to create a transmission entity that will act as a wheeler and dealer of electricity, competitively. Other drivers for the proposed amendments include:

a) Increase regulatory certainty by empowering Minister to promulgate regulations clarifying the provisions of the Act;
b) Improve the regulatory instrument for licensing, by expanding the scope of licensing of regulated entities;
c) Address pressing matters affecting the industry e.g. trading and wheeling of power;
d) Align with international best practice;
e) Provide for the functions of a Transmission System Operator; and
f) Determine the new market structure

4.3.1.2. The Bill was tabled in Cabinet in January 2022 and published for comments pending its finalisation. It will be presented to Cabinet for approval, with the intention to table it in Parliament by the end of July 2022.

4.3.1.3. Alongside these, are amendments to the Electricity Pricing Policy which will also be tabled for final approval by the Cabinet by the end of July 2022. On electricity generation, aimed at the supply and demand deficit, one thousand eight hundred and fifty (1 850MW) megawatts, from projects signed under bid window 4 of the Renewable Energy Independent Power Producer Procurement Programme (REIPPPP), were connected to the grid. Two thousand six hundred (2 600) megawatts of renewable energy, or Bid Window 5, with the signing of Project Agreements planned for end of July 2022 and end of September 2022, was procured. These projects are expected to deliver power into the grid within 24 months from the date of signing of Project Agreements.

4.3.1.4. A Request for Proposals (RFP) for the procurement of two thousand six hundred (2 600) megawatts of renewable energy under Bid Window 6 of the REIPPPP was issued. The finalisation of Eskom agreements as the buyer, with preferred projects procured as part of the two thousand (2 000) megawatts under the Risk Mitigation Independent Power Producer Procurement Programme is underway. Additional requests for proposals to the procure five hundred and thirteen (513) megawatts of Storage, three thousand (3 000) megawatts of gas, two thousand six hundred (2 600) megawatts of renewable energy under Bid Window 7 and one thousand five hundred (1 500) megawatts of coal are in the pipeline. These initiatives will bring online over thirteen thousand (13 000) megawatts.

4.3.1.5. On generation for own use, NERSA has registered five hundred and fifty-three (553) projects that are under one megawatt, totalling two hundred and sixty-eight (268) megawatts. Since the 2021 announcement and gazetting of the 100 megawatts embedded generation, the Energy Regulator has registered six generation facilities with a capacity ranging between 1MW and 10MW. The total capacity to be generated from the six generation facilities is 24MW.

4.3.1.6. The Department of Mineral Resources and Energy (DMRE) is addressing the suspensive conditions from NERSA on the Section 34 ministerial nuclear determination. This will ensure that the procurement of the 2 500 megawatts of nuclear energy is completed by 2024, in line with MTSF commitments. DMRE will continue to exercise oversight on the Eskom implementation of the Koeberg Nuclear Power Station Long Term Operation to ensure the security of energy supply for an additional twenty years. NECSA has issued a Request for Information (RFI) as part of the feasibility study related to the project development work to replace the globally leading SAFARI-1 nuclear research reactor with a Multipurpose reactor by 2030. The National Radioactive Waste Disposal Institute (NRWDI) has started with project development work for the establishment of the Centralised Interim Storage Facility (CISF) for the storage of used nuclear fuel.

4.3.1.7. In 2022, Eskom continues to show an extraordinary financial and operational crisis that has loomed large for over a decade. The utility is R392 billion (US $24.2 billion) in deb translating to approximately eight percent of South Africa’s GDP. This has been persistently cited by ratings agencies to justify poor investment grades awards to the South African economy, while the government provides regular bailouts on top of servicing its own debt. This burgeoning debt has been used to justify a range of austerity measures by Treasury in pursuit of tight fiscal policy, increasing in intensity under the current government under President Ramaphosa.

4.3.1.8. On the 17th of December 2021, a legally binding merger agreement, pursuant to which Eskom will transfer its Transmission division to its wholly-owned subsidiary, National Transmission Company South Africa SOC Limited (NTCSA) was signed. The merger agreement gives effect to the transfer of the transmission division to NTCSA subject to the satisfaction of certain suspensive conditions, which include, but are not limited to, Eskom obtaining all applicable creditor consents. The process of this long awaited unbundling of Eskom is in the pipeline as the general public digest its pros and cons.

4.3.1.9. While the rest of South Africa is being hit with Stage 6 load shedding, the City of Cape Town has offered some relief to its residents through the use of the

Steenbras hydroelectric scheme. Cape Town residents have only suffered Stage 4 blackouts as other municipalities throughout the country suffer stage 6 load shedding and not offering much solutions to their residents. Planned and unplanned power outages have affected the entire South African economy since May 2022 to the present. Load shedding has been mainly driven by sporadic breakdowns of generators in some power stations and power production bottlenecks by Eskom caused by striking employees. South Africans have gone up to six hours a day without electricity as the national grid sheds 6,000MW in an effort to prevent complete collapse. Cape Town is the only South African city to own and operate a large pumped hydroelectric scheme.

4.3.1.10. On the 5th of July 2022, Eskom and workers' unions have signed a wage deal, paving way for a possible resolution to its worst power cuts in two years. Eskom and its three recognized labour unions signed the agreement for a 7 percent salary increase a week after it started implementing prolonged power cuts stretching to stage 6, blaming them on striking workers hampering efforts to bring malfunctioning power units back online. The power utility's management has indicated that power supplies would still take time to recover as operations return to normalcy, urged its employees to return to work to resume work.

4.3.1.11. The National Planning Commission (NPC) has proposed a number of measures to end the crisis that has been driven by Eskom's load shedding program. The commission proposed that the 100MW ceiling be reviewed as the Eskom could potentially control and limit what is fed in the energy market. They have also proposed that NERSA's regulations on registration and implementation of renewable projects be scrapped and replaced with an online registration procedure. NPC is of the view that environmental assessments of new projects be fast tracked including temporary exemption for construction and commissioning of new projects that will come online in the outlook.

4.3.2. Oil and Gas in South Africa

4.3.2.1. The Upstream Petroleum Resources Development Bill (UPRD), was tabled to Parliament and iGas, a subsidiary of the Central Energy Fund, has acquired an additional 40% ownership of the ROMPCO pipeline. South Africa and Mozambique jointly own 80% of the pipeline with Sasol owning the remaining 20%. This advantages us in our gas industrialisation strategy to support our economy. CGS has confirmed the verification of the shale gas samples that were tested internationally. We are now awaiting environmental assessment approval before the next phase. A gas master plan, yet to be presented to Cabinet, is at an advanced stage of development following the publication of the Base Case report late last year. The plan will consolidate all this work. Notably, oil and gas projects continue to be under threat from well-funded lobby groups, which also misinform unsuspecting communities. We, since February, therefore consulted some Traditional Councils in the Eastern Cape to help them understand the possible benefits of the upstream petroleum industry on their communities and our economy in general. We intend to engage more traditional leaders and communities.

4.3.2.2. Diesel demand in South Africa is forecast to increase strongly in 2022, led initially by gains in the mining sector during a period of elevated commodity prices, with improving manufacturing and industrial activity expected to further boost demand

growth. Demand is forecasted to increase moderately thereafter, on improving economic growth. Production is forecast to decline drastically in 2021/22, with three refineries remaining offline, and continue to fall over the period as demand continues to shift away from the higher-sulphur diesel products South Africa's refineries can produce. Prices have increased drastically due to the weakening rand and higher international prices in May along with the return of R1.50/l per tax which was temporarily removed in April. Diesel price has risen by about R2.50/l to R24.66/l. Petrol prices are forecast to increase by about R4/l to R25.84/l in the third quarter of 2022 and continue to increase due to high international prices. Afriforesight (June 2022) forecasts have revealed that prices should broadly decrease with international price movements, but with declines softened by a generally weakening rand and fuel tax increases in April 2023.

4.3.2.3. Production is expected to decline from the year 2024, as refineries close or convert to import terminals, with a lesser likelihood that they will upgrade to meet Cleaner Fuels 2 standards. The supply gap for 95 octane is expected to worsen over time and drive up imports, as more cars are sold which are designed to operate on 95 octane petrol. In the outlook, petroleum production is expected to rise slowly to 2023, as anticipations are that Astron will bring its refinery back online; and that demand for fuel improves. Approximately 63% imminent reduction of local refining capacity was experienced in the past 12 months, although there is a belief that such a loss of production capacity will be compensated by imports from international markets. This should be viewed within the context that Sasol and Total are also considering the viability of continuing with their jointly owned NATREF refinery and the government owned PetroSA refinery not being operational for several months due to unavailability of feedstock as well as the Astron Energy refinery still being on an unplanned shutdown following an explosion on 2 July 2020, with plans to start up in 2022 (Afriforesight, 2022).

4.3.2.4. The price of fuel has steeply increased in the past months. According to DMRE (May 2022), the main reasons for the fuel price adjustments for June 2022 were among others -

a) that the average Brent Crude oil price increased from 104.78 US Dollars (USD) to 115.00 USD between April and May. These increases were mainly driven by an increase in demand amid summer driving season in the northern hemisphere and European Union discussions regarding imposing sanctions on crude oil and petroleum products from Russia. The increase of crude oil throughput by refiners to take advantage of high refining margins have also aggravated the situation.
b) International petroleum product prices, particularly petrol, diesel and Illuminating Paraffin increased between April and May 2022, while the price of LPG decreased. In addition to the tight middle distillates market, the petrol market has tightened amid summer driving season in the Northern Hemisphere due to decreasing inventories of finished products. This has led to higher refining margins resulting in high prices of finished products. The movement in product prices has led to higher contributions to the Basic Fuel Price of petrol 95 ULP and 93 ULP by 143.39 cents per litre (c/l) and 134.19 c/l respectively, diesel 500ppm and 50ppm by 4.75 c/l and 0.74 c/l respectively, while the contribution to illuminating paraffin was 50.86 c/l.
c) The Rand depreciated, on average, against the US Dollar (USD), from 14.90 to 15.95 Rand per USD during the April-May 2022 period. This led to higher

contributions to the Basic Fuel Prices of petrol, diesel and illuminating paraffin by 99.49 c/l, 104.69 c/l and 104.47 c/l, respectively.

d) In the Ministerial statement of 31st of May, temporary relief which was meant to last for two months (April and May 2022) ended on the 31st of May 2022. Hence, the Minister announced the extension of the temporary reduction in the general fuel levy by 150.0 c/l until the 5th of July 2022.

e) The Demand Side Management Levy (DSML) of 10 cents per litre from the price structure of Unleaded Petrol 95 Octane in the inland market was terminated in the inland market.

4.3.2.5. The same factors have influence petrol and diesel price hikes for the month of July, that is the weakening of the South African Rand over domestic factors as well as persistent geopolitical conditions in Eastern Europe. The Russian – Ukraine War remains a key contributory factor to the tightening global oil market.

4.3.2.6. The DMRE made a pronouncement the Manager responsible for fuel pricing that an attempt to partially deregulate the fuel sector is underway. A trial will be made with unleaded petrol 93 and diesel to be sold with market based pricing regimes. However, there is full acknowledgement by DMRE that the market is not as competitive as would have been preferred since it is still oligopolistic with giant international firms dominating a vertically integrated value chain. In April 2022, the Fuel Retailers Association has cautioned against a proposal to 'deregulate' the country's fuel price. The move to deregulate this sector is expected to allow retailers to compete on price and offer motorists discounts and special offers to fill up at their stations. However, the association warned that the change could have to opposite effect of promoting competition, and ultimately set the country's fuel sector back decades.

4.3.2.7. Liquid natural gas (LNG) is regarded as being one of the cleanest fossil fuels available. It is used widely in peaking plants around the world to provide additional electricity quickly and is useful for backing up intermittent renewable technologies due to its high flexibility. It has also been touted as a possible replacement for coal in some older power stations as part of the Just Transition strategy. Energize spoke to Aldworth Mbalati, the founder and CEO of DNG Energy about the potential for LNG in South Africa. DNG is building a bunkering service at the port of Coega to supply the country with LNG.

4.3.2.8. LNG is a cleaner and more affordable source of energy. It is available now to power various industries enabling a transition into a net-zero emitting future. The gas-to-power business is important for South Africa and the whole region as SADC is battling energy shortages which have crippled the operations of economies. While bold steps have been taken to include renewable energy into the regional energy mix, natural gas provides baseload capacity as well as flexibility thereby giving investors certainty in terms of energy security and reliable supply.

4.3.2.9. In South Africa, current efforts to plug capacity shortages are not enough to yield an adequate reserve margin as decommissioning of some of the old coal-fired power stations has begun. Current efforts to plug capacity shortages and restore system adequacy or reliability have not been sufficient given that some Eskom coal plants are reaching their end of life and a process of decommissioning them is underway, coupled with the ever-deteriorating plant performance of the coal

fleet has resulted in the supply constrain that the country is battling with. Technologies which could be deployed quickly and safely are required. Gas-powered plants can be built far more quickly than other baseload plants, like coal or nuclear.

4.3.2.10. Preparations for bunkering operations in Coega have begun and the first LNG molecule was earmarked to land in September 2021 and at 38-million GJ annual capacity. DNG is planning to utilise bunkering vessels to receive, store, transfer and regasify LNG. They are in the process of acquiring these vessels while considering building their own in future. However, the process requires various regulatory permits from regulatory authorities, viz. Transnet National Ports Authority (TNPA), the National Energy Regulator of South Africa (Nersa), The South African Maritime Safety Authority (SAMSA), the Department of Environmental Affairs, the Department of Fisheries and Forestry (DEFF), the Department of Human Settlements and Water Affairs (DHSWA) and the Department of Transport.

4.3.2.11. Bunkering operations will include a floating storage unit (FSU) which will be moored at the Port of Coega. This vessel will receive LNG from carriers coming from their Nigerian suppliers. Small scale LNG carriers will shuttle between the FSU and ships being bunkered performing ship-to-ship transfers. The important feature is that the bunkering operation is driven on the back of delivering LNG to on-shore customers in the region, where the small scale LNG carriers will be utilised. As these vessels are in a position fully utilised on other projects, they are readily available to deliver bunkers as and when required.

4.3.2.12. The DNG LNG investment project is estimated at USD150-million.DNG will be able to deliver affordable LNG since the required infrastructure will be in place for other projects and therefore the costs for delivering a first-class bunkering service will mostly be attributed to those projects' costs. While South Africa's capacity shortages tend to be mostly unmanageable at peak, it is common knowledge that when the electricity system is under pressure due to plant breakdowns, peak power plants (pumped storage and diesel plants) are utilised outside of peak at an excruciatingly high cost to the country.

4.3.2.13. The inclusion of LNG in South Africa's energy mix should bring some relief to many customers, notably to those who can be supplied from a source, not on the grid. LNG will become the main contributor to an efficient and cost-effective deliverable while other deliverables can be described as too costly, too dirty, or too small to be of a major significance. LNG will be available for all industries, gas-to-power (large and small customers), industrial processes, logistics and mining activities in South Africa. Gas-to-power will become a major contributor to the national grid.

4.3.2.14. LNG has become the accepted fuel for vessels since the 2020 requirement of 0,05% emissions of sulphur. Many new ships are equipped with dual-fuel main engines. There are currently 385 vessels which use LNG and a further 185 new builds are on order. This number will grow. Currently, 3 MTPA of LNG is being consumed. By 2025 this volume is expected to grow to between 8 and 10 MTPA and by 2040 the volume is predicted to reach between 35 and 40 MTPA. As can be seen, the marine sector is becoming an important sector in LNG.

4.3.2.15. DNG is positioning itself to be an important part of the bunker sector by offering bunkers to all LNG burners, being placed in the middle of the main world trade routes, east and west. By offering bunkers in this important position, ship owners will be able to carry more cargo and reduce the number of bunkers to be carried per long haul passages, creating more profitable voyages.

4.3.2.16. As indicated by the Minister of Minister of Higher Education, Science and Innovation during the launching ceremony of the hydrogen society roadmap on the 17th of February 2022, South Africa remains a promisingly significant contributor to global hydrogen output. South Africa currently produces 2% of the global demand for hydrogen mostly made from natural gas by Sasol. Given the projected global demand for green hydrogen, South Africa has opportunity to convert its current global supply to green hydrogen and the potential to increase the country's share of green hydrogen market. Projects such as the Platinum Valley, the Limpopo Science and Technology park, and the CoalCO2-X RDI Programme are all significant drives in the economy to increase South Africa's capacity to produce hydrogen.

4.4. CONCLUSION

All the developments on the global, continental, regional and national levels, mentioned in the foregoing sections are summarised in the table below. It indicates the key issues to not and potential risks identified; what regulatory lessons transpired and what responses of NERSA where appropriate.

Table 8: Summary of Global, Regional and Country Level Developments in the Electricity, Piped Gas and Petroleum Sectors

Industry	Key issue to Note & Risk identified
Global Developments	
General	Reliance on Russian energy is a contributing factor in the cost-of-living crisis faced by many consumers in Europe
	European Union and countries that are part of the North Atlantic Trade Organization (NATO), declared various economic sanctions on Russia.
	Interest rates will go up and will affect economic growth. South Africa's value-added exports have not increased significantly.
	The global energy market has been persistently tight, aggravating investment risk and economic vulnerability to all net energy importers around the world.
Electricity	Electricity demand growth remains closely linked to economic growth in China, with demand increasing on a one-to-one ratio with GDP. Additional share of electricity demand is met by coal depending on how fast technologies such as renewables and nuclear come online.
Petroleum	The Brent Crude oil price has risen to levels above $US100 per barrel (approximately R1 541) in the immediate aftermath of the invasion of Ukraine by Russia on the 24th of February 2022.
	New data from the Joint Organisations Data Initiative (2022) shows that global oil demand surpassed pre-pandemic levels in March, while production of crude oil was stuck at 97 percent of the level before the onset of COVID-19.
	Oil demand in March was at 101% of 2019 levels while crude production was only at 97%.
	In Saudi Arabia and the Middle East, production of crude oil in March 2022 increased by 75 kb/d to 10.30 mb/d. It is now 2.16 mb/d above year-ago levels.
	Crude production in the United States as of March 2022, increased by 356 kb/d to 11.67 mb/d. It is now 508 kb/d above year-ago levels, but still 1.15 mb/d below March 2020 levels.
	China's total product demand for petroleum products fell by 1.47 mb/d in March to 14.49 mb/d and was 688 kb/d below year-ago levels with crude oil imports declining by 1.15 mb/d in March 2022 to 10.09 mb/d.
Piped Gas	Russia has cut Finland off from its natural gas supplies as relations between the two neighbours sour over the Nordic nation's decision to join the defense alliance NATO
	After Western powers sanctioned Russia over the war, Russia said "unfriendly" countries must pay for gas using the Russian currency, a move the European Union considered as blackmail.

Industry	Key issue to Note & Risk identified
	Since the summer of 2021 the scale and pace of natural gas wholesale price increases have been unprecedented and the pressure this has placed on the industry is quite enormous. From August 2021 to the first quarter of 2022, at least 29 natural gas suppliers have exited the British market
	The European Union could reduce its imports of Russian natural gas by more than one-third within a year through a combination of measures that would be consistent with the European Green Deal.
	The IEA's 10-Point Plan to Reduce the European Union's reliance on Russian Natural Gas includes a range of complementary actions that can be taken in the coming months, such as turning more to other suppliers, drawing on other energy sources and accelerating efforts to provide consumers, businesses
Developments in Africa	
Electricity	Currently, more than 600 million people do not have access to electricity
	Electrification of rural areas has become a priority for many African governments
	2022 is expected to be a very productive and profitable year for Egypt, as the country aims at producing 20% of electricity from renewable energy sources by 2023. With the 1,650MW Benban Solarpark, which went live in 2019, and the ongoing $37 million solar plus storage project to power Egypt's Sukari gold mine, Egypt has taken steps towards integrating solar in its energy structure.
	The Grand Ethiopian Renaissance Dam plans to add 6.45GW of installed capacity to the Ethiopian country's power grid. When completed, the dam will be the largest hydroelectric power plant in Africa and the seventh-largest in the world.
Petroleum	Crude production is materially lower now vs. 2019 in Nigeria, US, Angola, Iraq, and the UK.
	Demand for gasoline, diesel, and LPG exceeded pre-COVID levels in March 2022, but jet fuel demand was 25% lower than 2019 levels.
	Product inventories in March 2022 fell by 32.4 mb (slightly more than the seasonal average) and are now 99.8 mb below the 5-year average.
	Crude inventories in March increased by 12.7 mb (slightly less than the seasonal average) and are now 284 mb below the 5-year average
Piped Gas	Geopolitical factors have also constrained the supply of Algerian piped gas and LNG through Morocco to Spain and Italy, thereby aggravating shortages in Europe in the third quarter of 2021.
Developments in the SADC Region	
Electricity	The gas-to-power business is important for South Africa and the whole region as SADC is battling energy shortages which have crippled the operations of economies.
Petroleum	The most famous discovery of 2021 was the discovery of a massive reserve of light oil off the coast of Angola. Discovered by Eni Offshore Angola, the reserve holds the potential for 200-250 million barrels of oil.
	The proposed $6 billion African Renaissance pipeline project connecting Mozambique's gas-rich Robma River basin to Gauteng, South Africa.
	Southern Africa has become characterized by supply insecurity in recent years, especially regarding electricity generation and distribution.
Piped Gas	There is a proposal for a 1,800km Tanzania-Uganda Natural Gas Pipeline Project to transport LNG from Dar-es-Salaam, Tanzania to Kampala, Uganda
	The proposed Ajaokuta Kaduna Kano natural gas pipeline will serve as part of the broader Trans-Nigeria pipeline project. These pipeline projects will not only promote gas exports from Africa but also increase gas trade within Africa.
Developments in South Africa	
Electricity	Karpowership SA has been licensed to drive the LNG-to-power project at Richards Bay, Coega, and Saldanha Bay.
	Early movers in renewable energy development are Egypt, South Africa, and Ethiopia.
	The Electricity Regulation Act has been amended to create a transmission entity that will act as a wheeler and dealer of electricity, competitively. The Bill was tabled in Cabinet in January 2022 and published for comments pending its finalisation.
	amendments to the Electricity Pricing Policy which will also be tabled for final approval by the Cabinet by the end of July 2022.
	1 850 megawatts, from projects signed under bid window 4 of the Renewable Energy Independent Power Producer Procurement Programme (REIPPPP), were connected to the grid
	Bid Window 5, with the signing of Project Agreements planned for the end of July 2022 and end of September 2022, was procured.
	On generation for own use, NERSA has registered five hundred and fifty-three (553) projects that are under one megawatt, totalling two hundred and sixty-eight (268) megawatts.
	DMRE is addressing the suspensive conditions from NERSA on the Section 34 ministerial determination. This

Industry	Key issue to Note & Risk identified
	will ensure that the procurement of the 2 500 megawatts of nuclear energy is completed by 2024.
Petroleum	Since February, some Traditional Councils in the Eastern Cape have been consulted to help them understand the possible benefits of the upstream petroleum industry on their communities and our economy in general.
Piped Gas	In 2021, pockets of shale gas were also discovered in South Africa's Karoo Basin as announced by the Department of Mineral Resources and Energy. Initial testing and sampling results have shown promising results. Findings indicate that the country holds a potential 390 trillion cubic feet of recoverable natural gas.
	In Oil and Gas, the Upstream Petroleum Resources Development Bill (UPRD), was tabled to Parliament and iGas, a subsidiary of the Central Energy Fund, has acquired an additional 40% ownership of the ROMPCO pipeline.
	Preparations for bunkering operations in Coega have begun and the first LNG molecule was earmarked to land in September 2021 and at 38-million GJ annual capacity. DNG is planning to utilise bunkering vessels to receive, store, transfer and regasify LNG.

4.5. MACROECONOMIC OUTLOOK IN SOUTH AFRICA

4.5.1. Following a weaker-than-expected third quarter, economic growth for 2021 has been revised down to 4.8 per cent, compared with 5.1 per cent estimated at the time of the 2021 *Medium Term Budget Policy Statement* (MTBPS). The medium-term growth outlook has improved moderately. The National Treasury projects real economic growth of 2.1 per cent in 2022, the year in which the economy is expected to return to pre-pandemic production levels.

4.5.2. GDP growth is expected to average 1.8 per cent over the next three years. Significant risks to the economic outlook include new COVID-19 variants leading to new waves of infection, continued interruptions in power supply, rising inflation and fiscal risks. Faster-than-expected global interest rate increases would also have negative consequences for the economy. The 2022 *Budget Review* supports the implementation of a wide range of reforms to bolster economic growth and employment over the medium and long term.

4.5.3. The economy grew by an estimated 4.8 per cent in 2021 compared with the 5.1 per cent projected in the 2021 MTBPS. The downward revision reflects a sharp third-quarter contraction driven by a new wave of COVID-19, the outbreak of public violence in July 2021, heightened global uncertainty and modest growth expectations for the fourth quarter following renewed power cuts.

4.5.4. Nevertheless, the growth outlook for 2022 has improved slightly since the 2021 MTBPS. Structural constraints have reduced potential economic growth for the past decade and remain an impediment to the recovery. In 2021, the economic effects of the pandemic – lost jobs and delayed investments –were exacerbated by inadequate electricity supply, with the highest levels of load-shedding to date. There are signs that this combination of factors has led to scarring –defined as medium-term economic performance below pre-pandemic projections.

4.5.5. Higher global inflation, monetary policy adjustments, commodity price changes and emerging geopolitical risks also contributed to elevated uncertainty over the medium term. The initial recovery in economic growth during 2021 was not matched by higher employment or investment, and the slow take-up of vaccinations leaves the country vulnerable to new waves of COVID-19 infections. Real GDP growth of 2.1 per cent is projected for 2022, and growth is projected to average 1.8 per cent over the next three years. Government's previously announced economic reforms are underway, though at an uneven pace. More

rapid implementation of these reforms, complemented by fiscal consolidation to provide a stable foundation for growth, will ease investor concerns about South Africa and support faster recovery and higher levels of economic growth over the long term. Reducing regulatory constraints, providing effective services, and coordinating and sequencing economic interventions will bolster public and private investment, which will, in turn, increase resilience and support economic transformation.

4.5.6. The global outlook glance pointed to the resurgence of COVID-19 infections towards the end of 2021, such that the International Monetary Fund (IMF) had to lower its expectation for global growth in 2022 from 4.9 to 4.4 per cent. Alongside new restrictions, elevated inflation, withdrawal of the US fiscal support package and the consequences of volatility in China's troubled real-estate sector have reduced growth projections. A key risk is that new COVID-19 variants will prolong the pandemic and disrupt economic activity. Vaccination rates in developing countries are much lower than in their developed counterparts, and the emergence of new variants increases global vulnerability. There remains a high degree of uncertainty over the trajectory of the virus and policy responses.

5. INTERNAL SITUATIONAL ANALYSIS

5.1. Threats and opportunities in operating environment

5.1.1. The operating environment was analysed by means of a PERSTEL factor and SWOT analysis as well as the identification of key challenges that could impact on NERSA's ability to achieve some of the planned outputs in the Annual Performance Plan.

5.1.1.1. Analysis of opportunities and threats and identification of PERSTEL factors

OPPORTUNITIES	ENHANCING STRATEGIES	PERSTEL FACTOR	IMPACT IF FACTOR IS NOT ADDRESS
1. Restructuring of the ESI	a) Regulate according to existing legislation	Political	• Inability of the ESI to provide sustainable services
2. Amendment of all enabling legislation	b) Provide inputs to Draft Amendment Bills	Legislation	• Impacts on effectiveness of regulation • Impacts on the orderly development of the industries
3. Introduction of new technologies in the regulated industries	a) Regulatory advocacy to influence political will towards new technologies b) Sensitise stakeholders and policy makers on the benefits of new technologies in the regulated industries c) Fast tracking of amendment of legislation d) NERSA to be adequately capacitated (skills and resources) to deal with the complexities resulting from the new technologies	Technology	• Stagnation of regulated industries which impacts on NERSA's ability for effectively regulation
4. Defragmentation of regulation policies	a) Fast track regulatory advocacy	Regulatory	• Impacts on effectiveness of regulation. • Regulatory burden due to the concurrent jurisdiction as well as overlapping functions/roles between NERSA, relevant government departments and other regulatory authorities. • Regulatory uncertainty. • Risk of legal challenges.
5. Collaboration and partnerships with national, regional and international agencies	a) Ensure approvals of partnership collaborations at national, regional and international levels. b) Implementation and monitoring engagement strategy. c) Ensure and monitor compliance with DMRE's guidelines and Government's positions	Regulatory Legal Political	• Loss of opportunities for skills development, which will impact on effective regulation. • Loss of exposure to practical international best practices • Loss of opportunity to contribute towards regional projects
6. International and regional Stakeholder relationships		Social	

THREATS	MITIGATING STRATEGIES	PERSTEL FACTOR	IMPACT IF FACTOR IS NOT ADDRESS
1. Call for deregulation of regulated industries	a) Improved regulatory advocacy. b) Intensify stakeholder engagement to emphasise the value of regulation of the industries c) Address the above in the strategy to profile NERSA appropriately – also highlight the impact of deregulation on the socio-economy of SA	Regulatory Legal	• Job losses • Exploitation of consumers, interested and affected parties • Impact on NERSA's role

THREATS	MITIGATING STRATEGIES	PERSTEL FACTOR	IMPACT IF FACTOR IS NOT ADDRESS
	d) Assess the reasons for the call for deregulation – did we contribute to this call in the way we regulate – reduce the perception that NERSA is a bottleneck/red tape. e) Improve process and frequency of conducting regulatory impact assessments.		
2. Impact of international gas prices on the San maximum prices in Piped-Gas regulatory methodologies 3. Impact of the implementation of the uniform pricing policy – which set prices at the maximum	a) Review Max price methodology to ensure that it meets the objectives of the Gas Act and to ensure its relevance in dealing with current challenges in the piped-gas industry b) Assess the impact of the implementation of the approved maximum prices c) Collaborate with Competition Commission to address challenges identified with the implementation of the approved maximum prices	Economic	• Negative impact on sustainability of traders and resellers as well as large customers • Negative impact on competition at the trading level of the gas industry
4. Successful legal challenges on NERSA's regulatory decisions	a) Independent peer review of all regulatory tools to ensure that it is aligned with our mandate b) Undertake an analysis of the reasons why legal challenges were successful c) Improvement of quality of reasons for decisions	Legal	• Regulatory uncertainty
5. Vandalism and theft of infrastructure in regulated industries	a) Collaboration with law enforcement agencies	Legal Social Economic	• Impacts negatively on security of supply • Raises the cost of energy due to the repairs of the damages and theft – this is passed through to the consumer
6. Security of supply – poor maintenance of infrastructure/system, gas supply from other countries, refineries closures	a) Increased engagement with demand side of the ESI b) Develop methodologies to encourage alternative supply of gas c) Regulatory advocacy to encourage government to secure gas supplies from other countries and to address the closures of the refineries d) Develop performance standards for licencees	Political Regulator Economic	• Inadequate import infrastructure • Increase in prices • Continued lack of competition in markets where competition is possible • Collapse of the grid
7. Impact of the war between Russia and Ukraine – spike in oil and gas prices	a) Review the Maximum Price Methodology (which is linked to the international gas hubs in the EU and US) to ensure that it meets the objectives of the Gas Act and to ensure its relevance in dealing with current challenges in the piped-gas industry	Economic Political	• Increase in prices. • Shortage of energy products. • Increase in OCGT prices (due to increase of diesel prices)
8. Natural disasters and pandemics – impact on infrastructure, operations and affordability of energy	a) Business continuity Plans b) Consider impact of Natural disasters and pandemics in tariff/price and licence applications c) Adapt regulatory processes to ensure that the regulated industries can develop as normal as possible	Environmental Economic Political	• Loss of security of supply energy • Investments in infrastructure impacted because projects are put on hold • Operations of regulator and licensees negatively affected • Increase in cost of energ

THREATS	MITIGATING STRATEGIES	PERSTEL FACTOR	IMPACT IF FACTOR IS NOT ADDRESS
9. Abuse of dominance by the monopolies that NERSA regulates	a) Regulate in manner that incentivise investment b) Approve competitive pricing and tariffs c) Enforcing 3rd party access	Regulatory	• Lack of competition in markets where competition is possible • Excessive prices • Exclusionary conduct

5.1.1.2. Analysis of strengths and weaknesses

STRENGTHS	ENHANCING STRATEGIES
1. Skilled workforce	1.1. Continuous enhancement of leadership and management skills
2. Diversity of staff (skills, gender)	2.1. Continuous improvement of recruitment processes to address this matter
3. Professionalism	3.1. Continuous improvement of NERSA's code of conduct
4. Research based products (policies, methodologies, guidelines, etc.) and services	4.1. Implementation and enforcement 4.2. Improve synergy across all divisions
5. Strong stakeholder engagement	5.1. Continuous improvement of methods for stakeholder engagements 5.2. Improve areas of focus for stakeholder engagements
6. High percentage of staff retention	6.1. Continuous improvement of HR policies, e.g remuneration policy 6.2. Implement the formalised organisational culture to ensure a conducive working environment
7. Ability to execute our mandate through effective decision-making	7.1. Ensure that all decisions taken are compliant with approved procedures
8. Transparent processes	8.1. Portal on website to indicate where application for tariffs/price and licensing/registration
9. Ability to share knowledge and information through NERSA capacity building programme	9.1. Maintenance of capacity building programme
10. Financial health	10.1. Monitor operating environment 10.2. Monitor and analyse the volumes of activities of the licencees relevant for NERSA's funding
11. Good governance	11.1. Monitor compliance with all relevant legislation and policies
12. Relationships with regulators at national, regional and international level	12.1. Maintain and/or improve cooperation with local and international regulators
13. Ability to adapt to changes impacting on our internal operating environment (e.g. reaction to COVID-19 restrictions)	13.1. Continuously adjust policies to deal with changes

WEAKNESSES	MITIGATING STRATEGIES
1. Decision-making processes too slow (turn around time to deal with applications)	1.1. Intensify policy maker and stakeholders' understanding of processes to consider applications
2. Perception that NERSA causes a bottleneck	2.1. Aggressive regulatory and stakeholder advocacy
3. Non-recognition of internal competencies outside of regulatory divisions which are needed to elevate regulatory outputs and deal with challenges	3.1. Define formal interaction between regulatory divisions and relevant support services 3.2. TBNS Policy
4. Lack of understanding of NERSA's mandate and roles of the regulatory divisions in NERSA	4.1. Intensification of stakeholder engagements (external and internal) 4.2. Strategy to profile NERSA 4.3. Customer education programmes
5. Operating in mostly manual manner	5.1. Improve the automation of business processes 5.2. Improve collaboration between NERSA and licencees 5.3. Implement technology to improve data-driven decisions

5.1.1.3. Challenges

CHALLENGES	INITIATIVES TO ADDRESS CHALLENGES	TIMEFRAME	ISSUES TO BE ADDRESSED WHEN IMPLEMENTING THE PROPOSED INITIATIVES	RESPONSIBILITY
1. Manual way in performing all NERSA functions (Internal and External)	1.1. Automation of identified business processes 1.2. Implementation of an online platform (portal) to enable collaboration between NERSA and licensees regarding regulatory requirements 1.3. Internal workflow processes	2024/25 2024/25 2024/25	1.2.1. How will we deal with licensees who do not cooperate or who do not have the technology for such a portal. (This could be identified as a risk for such a project and be dealt with accordingly)	ICT SPM (BPR project) All Divisions
2. Time consuming work flow process (Internal)	2.1. Automation of business processes – internally and externally		None	SPM (BPR project) ICT
3. Data and information asymmetry (Internal and External)	3.1. Create one platform/system (data warehouse) where all data is stored and is accessible for informed decision-making. 3.2. Integration of intranet and data warehouse	2024/25 (3.1 to be implement-ed in a phased approach) 2024/25	3.1.1. How will external people access this system?	IRM (Knowledge management) ICT All divisions
4. Lack of compliance enforcement (Internal and External)	4.1. Implement punitive measures provided for in the legislation 4.2. Regulatory advocacy on the inadequate punitive measures provided for in the legislation iro non-compliance 4.3. Continuous engagements with stakeholders on compliance	Ongoing	4.1.1. Some of the measures are adequate, while other need to be revisited.	ELR GAR PPR
5. Inadequate human resources to respond to the changes in the industries we regulate (Internal)	5.1. Identify human resources needed to respond to the changes in the industries we regulate and determine the financial implications – prepare business cases to motivate for additional resources and approval	Ongoing	4.1.2. Use templates that was used in the previous organisational review – to standardise the approach to identify resources. This will enhance the effectiveness of the process.	HR and all divisions

CHALLENGES	INITIATIVES TO ADDRESS CHALLENGES	TIMEFRAME	ISSUES TO BE ADDRESSED WHEN IMPLEMENTING THE PROPOSED INITIATIVES	RESPONSIBILITY
	5.2. Identify human resources needed to provide appropriate support in carrying out NERSA's mandate and determine the financial implications – prepare business cases to motivate for additional resources			
6. Gap in exposure to the entire value chain of the industries we regulate as well as other regulators (Internal and External)	6.1. Implement exchange programme with industry players and other regulators (where it is relevant)	Ongoing – based on identified needs	4.1.3. Utilise existing MOU's (Competition Commission) (where applicable) and existing Secondment Policy.	Regulatory divisions HR ICP
7. Organisational structure no longer appropriate for - • new needs NERSA have • to deal with cross-cutting functions and sharing of skills; • span of control (Internal)	7.1. Undertake a reorganising of available resources to address organisational needs 7.2. Identify additional resources required 7.3. Identify areas for upscaling and additional resources required	2023/24	None	HR SPM (BPR project)

5.2. Organisational capacity

5.2.1. NERSA has an approved structure of 253 staff members. The staff strength as at 30 December 2022 is 238.

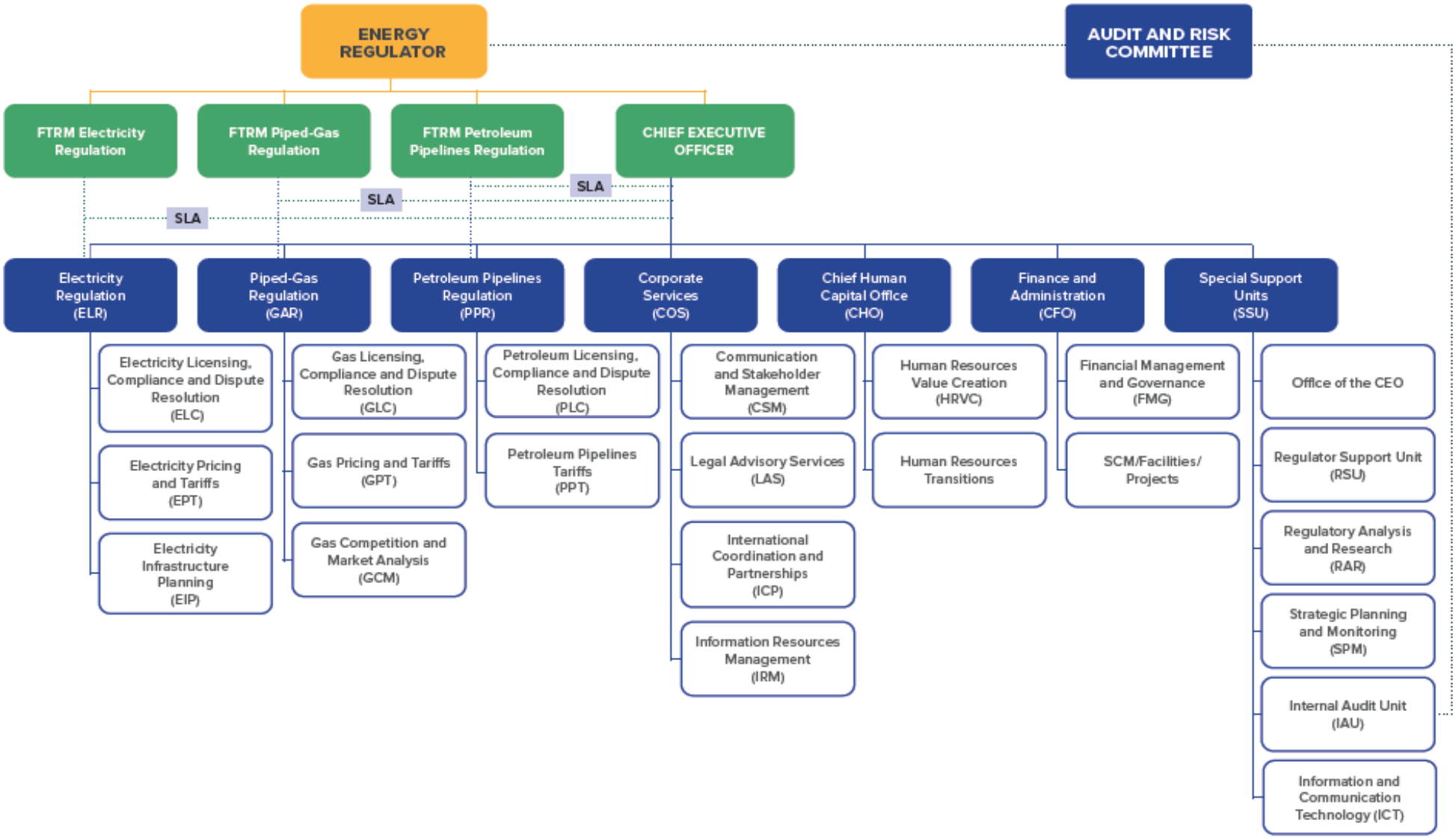
5.2.2. Table 9 below summarises the staff complement of NERSA.

Table 9: NERSA Staff complement

DIVISION	DEPARTMENT	COMPLEMENT
Electricity Regulation (ELR)	FTRM	3
	Executive	3
	Electricity Pricing and Tariffs (EPT)	35
	Electricity Licensing, Compliance and Dispute Resolution (ELC)	34
	Electricity Infrastructure Planning (EIP)	13
Total		**88**
Piped-Gas Regulation (GAR)	FTRM	3
	Executive	5
	Gas Pricing and Tariffs (GPT)	8
	Gas Licensing, Compliance and Dispute Resolution (GLC)	11
	Gas, Competition and Market Analysis (GCM)	4
Total		**31**
Petroleum Pipelines Regulation (PPR)	FTRM	3
	Executive	6

DIVISION	DEPARTMENT	COMPLEMENT
	Petroleum Pipelines Tariffs (PPT)	9
	Petroleum Licensing, Compliance and Dispute Resolution (PLC)	9
Total		**27**
Finance and Administration (CFO)	Executive	3
	Financial Management and Governance (FMG)	7
	Supply Chain Management	12
Total		**22**
Human Resources (CHO)	Executive	2
	Human Resources – Value Creation	8
	Human Resources -Transactions	3
Total		**13**
Corporate Services (COS)	Executive	3
	Legal Advisory Services (LAS)	6
	Communication and Stakeholder Management (CSM)	9
	International Co-ordination and Partnerships (ICP)	3
	Information Resources Management (IRM)	7
Total		**28**
Specialised Support Units (SSU)	Internal Audit (IAU)	7
	Strategic Planning and Monitoring (SPM)	4
	Regulator Support (RSU)	11
	CEO's Office Operations (COO)	5
	Regulatory Analysis and Research (RAR)	6
	Information and Communication Technology (ICT)	10
Total		**43**
Grand Total NERSA Staff Complement		**253**

5.2.3. Below is the approved NERSA Organisational Structure:



5.3. Status regarding compliance with the BBBEE Act

For 2021/22, NERSA was classified as a compliant entity under the B-BBEE Act, having been certified a Level eight (8) B-BBEE contributor valid until 30 March 2023. This was due to the fact that the priority element of skills development did not meet the minimum threshold.

NERSA has successful learning programmes that include learnership and internships and training programmes. In the next financial year, NERSA will seek to address this outcome by implementing appropriate interventions, and to improve the participation of black unemployed people in training. A significant improvement is noted in the Enterprise and Supplier Development element. The Enterprise Development Strategy, approved by the Energy Regulator, is being implemented, to improve procurement on designated groups.

5.4. Status regarding women and people with disabilities

a) As at the end of 30 December 2022, NERSA's staff strength is 236 and comprises 100 (42%) males and 136 (58%) females.
b) As at the end of 30 December 2022, the percentage of persons with disabilities is 2%.

Part C: Measuring Our Performance

6. INSTITUTIONAL PROGRAMME PERFORMANCE INFORMATION

6.1. INTRODUCTION

6.1.1. The table below indicates the link between NERSA programmes and the outcomes stated in the Strategic Plan as well as the envisaged impacted for each programme.

Outcomes	Programme	Link to MTSF Priority
• Efficiency in facilitating entry, setting prices and resolving disputes • A stable and diverse energy sector system and pricing regime which supports access through regulatory services that are delivered on time and to quality standards • Innovation drives our response to the transition of the Industry	Programme 1: Regulatory Service Delivery	• MTSF Priority 2: Economic Transformation and Job Creation.
• Energy industry regulatory framework is relevant for the effective regulation for the benefit of the customers and stakeholders. • Integrated and value-added services to customers	Programme 2: Advocacy And Engagement	• MTSF Priority 2: Economic Transformation and Job Creation • MTSF Priority 2: A better Africa and world.
• Innovation drives our response to the transition of the Industry	Programme 3: Innovation	• MTSF Priority 1: Capable, Ethical and Developmental State
• Integrated and value-added services to customers	Programme 4: Operational Efficiency and Quality Management	• MTSF Priority 1: Capable, Ethical and Developmental State • MTSF Priority 3: Education, skills and health
• Integrated and value-added services to customers	Programme 5: People and Organisational Culture	• MTSF Priority 3: Education, Skills And Health.

6.2. PLANNED PERFORMANCE

6.2.1. PROGRAMME 1: REGULATORY SERVICE DELIVERY

a) The programme purpose is to–
- set and/or approve tariffs and prices in order to ensure a fair balance between the needs of the customer and the regulated entity;

- ensure the orderly development of the energy industry and to ensure that all activities related to all operations are licensed and registered as required by the Electricity Regulation Act, 2006 (Act No. 4 of 2006), Gas Act, 2001 (Act No. 48 of 2001) and the Petroleum Pipelines Act, 2003 (Act No. 60 of 2003);
- ensure that all licensees in the three regulated industries fully comply with their licence conditions, including those relating to health, safety, security and environmental standards and requirements, as well as any other standards and requirements prescribed by the relevant industry-specific legislation;
- ensure compliance with directives to govern relations between a licensee and its end users;
- ensure that disputes and complaints between licensees or between licensees and customers or end-users are managed effectively and settled in a manner that is appropriate; and that when needed, any mediation or arbitration required will be done within prescribed procedures.
- ensure the setting of appropriate rules, guidelines and codes of best practices in the quest to promote uniformity and standardise practices in the regulation of the three energy industries.

b) This programme will therefore contribute to the following:
   - A fair balance between the needs of the customer and the regulated entity. While the customer needs to be protected against misuse of monopolistic powers and unnecessary price hikes, the regulated entities needs to have sufficient income to ensure that they can continue operating as a going concern and have enough revenue for the maintenance and refurbishment of infrastructure.
   - The creation of investor confidence and lessening the regulatory burden on licensees. In order to achieve orderly investor confidence in the energy industries, there must be standardised practices, which are the same for all participants and NERSA must maintain and safeguard these standards. This will facilitate investment in the energy industries, as investors and developers need a sound regulatory framework to ensure that they receive the expected returns for their investment.

c) This Programme is divided into three sub-programmes, one for each of the regulated industries, namely Electricity, Piped-Gas and Petroleum Pipelines. The planned performance in the three subprogrammes are grouped into the following categories, which are based on NERSA's key regulatory functions:

   1. Setting and/or approval of tariffs and prices
   2. Licensing and registration
   3. Compliance monitoring and enforcement
   4. Dispute resolution, including mediation, arbitration and handling of complaints
   5. Setting of rules, guidelines and codes for regulation

6.2.1.1. Sub-Programme 1: Electricity Industry Regulation

NERSA embarked on a process to develop a strategy for the regulation of the Electricity Industry. This process will be continued for the regulation of the Piped-Gas Industry and Petroleum Pipeline Industry. Therefore, the planned performance for this sub-programme looks different from the sub-programmes for the other two regulated industries.

i. Setting and/or approval of tariffs and prices

a) Outcomes, Outputs, Performance Indicators and Targets

OUTCOMES	OUTPUTS	OUTPUT INDICATORS	ANNUAL TARGETS						
			Audited performance			Estimated performance	MTEF Period		
			2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
MTSF Priority 2: Economic Transformation and Job Creation									
Efficiency in facilitating entry, setting prices and resolving disputes	1. Electricity pricing for Eskom and municipalities	Energy Regulator decision on Eskom and municipal electricity prices within the stated timeframe	New target	New target	New target	Regulator decision by 28 February 2023	Regulator decision by 28 February 2024	Regulator decision by 28 February 2025	Regulator decision by 28 February 2026

b) Indicators, Annual and Quarterly Targets

OUTPUTS	OUTPUT INDICATORS	ANNUAL TARGETS	QUARTERLY TARGETS			
			Q1	Q2	Q3	Q4
1. Electricity pricing for Eskom and municipalities	Energy Regulator decision on Eskom and municipal electricity prices within the stated timeframe	Regulator decision by 28 February 2024	-	-	-	Regulator decision by 28 February 2024

ii. Licensing and Registration

a) Outcomes, Outputs, Performance Indicators and Targets

OUTCOME	OUTPUTS	OUTPUT INDICATORS	ANNUAL TARGETS						
			Audited performance			Estimated performance	MTEF Period		
			2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
MTSF Priority 2: Economic Transformation and Job Creation									
Efficiency in facilitating entry, setting prices and resolving disputes	1. Review efficiency of registration and licencing processes	Improved turnaround times for considering applications for the licencing of electricity generation facilities	New target	New target	New target	120 working days	120 working days	120 working days	120 working days
		Improved turnaround times for considering applications for the registration of electricity generation facilities	New target	New target	New target	60 working days	45 working days	45 working days	45 working days

b) Indicators, Annual and Quarterly Targets

OUTPUTS	OUTPUT INDICATORS	ANNUAL TARGETS	QUARTERLY TARGETS			
			Q1	Q2	Q3	Q4
1. Efficient registration and licencing processes	Improved turnaround times for considering applications for the licencing of the electricity industry	120 working days	120 working days	120 working days	120 working days	120 working days
	Improved turnaround times for considering applications for the registration of electricity generation facilities	45 working days	45 working days	45 working days	45 working days	45 working days

iii. Compliance Monitoring and Enforcement

a) Outcomes, Outputs, Performance Indicators and Targets

OUTCOME	OUTPUTS	OUTPUT INDICATORS	ANNUAL TARGETS						
			Audited performance			Estimated performance	MTEF Period		
			2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
MTSF Priority 2: Economic Transformation and Job Creation									
Efficiency in facilitating entry,	1. Compliance audit plans executed with reports in place	Percentage variance of planned versus actual compliance audit plans	New target	New target	New target	80%	80%	80%	80%

OUTCOME	OUTPUTS	OUTPUT INDICATORS	ANNUAL TARGETS						
			Audited performance			Estimated performance	MTEF Period		
			2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
MTSF Priority 2: Economic Transformation and Job Creation									
setting prices and resolving disputes		Number of analysis reports on audits conducted on a quarterly basis	New target	New target	New target	New target	4	4	4
	2. Enforcement plan in place and executed, with non-compliance findings compiled	Percentage variance of planned versus actual enforcement plan	New target	New target	New target	80%	80%	80%	80%
		Number of reports on non-compliance findings compiled on a quarterly basis	New target	New target	New target	New target	4	4	4

b) Indicators, Annual and Quarterly Targets

OUTPUTS	OUTPUT INDICATORS	ANNUAL TARGETS	QUARTERLY TARGETS			
			Q1	Q2	Q3	Q4
1. Compliance audit plans executed with reports in place	Percentage variance of planned versus actual compliance audit plans	80%	10%	35%	35%	Audit plans for next financial year
	Number of analysis reports on audits conducted on a quarterly basis	4	1	1	1	1
2. Enforcement plan in place and executed, with non-compliance findings compiled	Percentage variance of planned versus actual enforcement plan	80%	Enforcement plan	10%	30%	40%
	Number of reports on non-compliance findings compiled on a quarterly basis	4	1	1	1	1

iv. Dispute resolution, including mediation, arbitration and handling of complaints

a) Outcomes, Outputs, Performance Indicators and Targets

OUTCOME	OUTPUTS	OUTPUT INDICATORS	ANNUAL TARGETS						
			Audited performance			Estimated performance	MTEF Period		
			2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
MTSF Priority 2: Economic Transformation and Job Creation									
Efficiency in facilitating entry, setting prices and resolving disputes	1. Complaints/disputes received and resolved as per the approved procedure within the stipulated timeframes	% of categorised disputes/ complaints, including initiated investigations, closed in line with the approved Complaints / dispute resolution / Investigations Framework and Process	New target	New target	New target	90%	90%	90%	90%

b) Indicators, Annual and Quarterly Targets

OUTPUTS	OUTPUT INDICATORS	ANNUAL TARGETS	QUARTERLY TARGETS			
			Q1	Q2	Q3	Q4
1. Complaints/disputes received and resolved as per the approved procedure within the stipulated timeframes	% of categorised disputes/ complaints, including initiated investigations, closed in line with the approved Complaints / dispute resolution / Investigations Framework and Process	90%	90%	90%	90%	90%

v. Setting of rules, guidelines and codes for regulation

a) Outcomes, Outputs, Performance Indicators and Targets

OUTCOME	OUTPUTS	OUTPUT INDICATORS	ANNUAL TARGETS						
			Audited performance			Estimated performance	MTEF Period		
			2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
MTSF Priority 2: Economic Transformation and Job Creation									
Innovation drives our response to the transition of	1. Review and develop targeted tools and systems for a changing electricity industry	Percentage variance between planned versus actual targeted tools reviewed and development planned	New target	New target	New target	80%	80%	80%	80%

OUTCOME	OUTPUTS	OUTPUT INDICATORS	ANNUAL TARGETS						
			Audited performance			Estimated performance	MTEF Period		
			2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
MTSF Priority 2: Economic Transformation and Job Creation									
the Industry	2. Reviewed Grid Codes	Energy Regulator decision on the Reviewed Grid Code taken by the relevant subcommittee or Energy Regulator within the stated timeframe	New target	New target	New target	New target	-	Regulator decision by 31 March 2025-	-

b) Indicators, Annual and Quarterly Targets

OUTPUTS	OUTPUT INDICATORS	ANNUAL TARGETS	QUARTERLY TARGETS			
			Q1	Q2	Q3	Q4
1. Review and develop targeted tools and systems for a changing electricity industry	Percentage variance between planned versus actual targeted tools reviewed and development planned	80%	-	20%	30%	30%

6.2.1.2. Sub-Programme 2: Piped-Gas Industry Regulation

i. Setting and/or approval of tariffs and prices

a) Outcomes, Outputs, Performance Indicators and Targets

OUTCOME	OUTPUTS	OUTPUT INDICATORS	ANNUAL TARGETS						
			Audited Performance			Estimated performance	MTEF Period		
			2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
MTSF Priority 2: Economic Transformation and Job Creation									
A stable and diverse energy sector system and pricing regime which supports	1. 100% of complete maximum price applications considered by the ER within 120 working days after date of publication of the preliminary assessment of the maximum price applications	% of complete maximum price applications considered by the Energy Regulator within the stated timeframe	100%	100%	100%	100%	100%	100%	100%

OUTCOME	OUTPUTS	OUTPUT INDICATORS	ANNUAL TARGETS						
			Audited Performance			Estimated performance	MTEF Period		
			2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
MTSF Priority 2: Economic Transformation and Job Creation									
access through regulatory services that are delivered on time and to quality standards	2. 100% of complete applications on distinguishing features considered by the ER within 120 working days after the date of the publication of preliminary assessment of the applications	% of complete applications on distinguishing features considered by the Energy Regulator within the stated timeframe	New target	100%	100%	100%	100%	100%	100%
	3. 100% of complete transmission tariff applications considered by the ER within 120 working days after date of publication of preliminary assessment of tariff applications	% of complete transmission tariff applications considered by the Energy Regulator within the stated timeframe	No appli-cations received	100%	100%	100%	100%	100%	100%
	4. Four quarterly calculations of the ROMPCO tariff for gas volumes below 120 million Gigajoules	Number of calculations of the ROMPCO tariff for gas volumes below 120 million Gigajoule considered by the Energy Regulator within the stated timeframe	4 considered quarterly by the PGS	4 considered quarterly by the PGS	4 considered quarterly by the PGS	4 considered quarterly by the PGS	4 considered quarterly by the PGS	4 considered quarterly by the PGS	4 considered quarterly by the PGS
	5. One report on the assessment of the adequacy of competition	Number reports on the assessment of the adequacy of competition considered by the Energy Regulator within the stated timeframe	-	-	1	-	-	1 considered by the PGS by 31 March 2025	-

b) *Indicators, Annual and Quarterly Targets*

OUTPUTS	OUTPUT INDICATORS	ANNUAL TARGETS	QUARTERLY TARGETS			
			Q1	Q2	Q3	Q4
1. 100% of complete maximum price applications considered by the ER within 120 working days after date of publication of the preliminary assessment of the maximum price applications	% of complete maximum price applications considered by the Energy Regulator within the stated timeframe	100%	100%	100%	100%	100%

OUTPUTS	OUTPUT INDICATORS	ANNUAL TARGETS	QUARTERLY TARGETS			
			Q1	Q2	Q3	Q4
2. 100% of complete applications on distinguishing features considered by the ER within 120 working days after the date of the publication of preliminary assessment of the applications	% of complete applications on distinguishing features considered by the Energy Regulator within the stated timeframe	100%	100%	100%	100%	100%
3. 100% of complete transmission tariff applications considered by the ER within 120 working days after date of publication of preliminary assessment of tariff applications	% of complete transmission tariff applications considered by the Energy Regulator within the stated timeframe	100%	100%	100%	100%	100%
4. Four quarterly calculations of the ROMPCO tariff for gas volumes below 120 million Gigajoules	Number of calculations of the ROMPCO tariff for gas volumes below 120 million Gigajoule considered by the Energy Regulator within the stated timeframe	4 considered quarterly by the PGS	1 considered by the PGS	1 considered by the PGS	1 considered by the PGS	1 considered by the PGS

ii. Licensing and Registration

a) Outcomes, Outputs, Performance Indicators and Targets

OUTCOME	OUTPUTS	OUTPUT INDICATORS	ANNUAL TARGETS						
			Audited performance			Estimated performance	MTEF Period		
			2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
MTSF Priority 2: Economic Transformation and Job Creation									
A stable and diverse energy sector system and pricing regime which supports access through regulatory services that are delivered on time and to quality standards	1. 100% of complete licence applications considered by the PGS/REC/ER within 60 working days from date of close of public comment period or period of applicant's response to objections received	% of complete licence applications considered by the Energy Regulator within the stated timeframe	100%	100%	100%	100%	100%	100%	100%
	2. 100% of complete applications for licence amendments/revocations/ conversions considered by the PGS/REC within 60 working days from date of close of public comment period or period of applicant's response to objections received	% of complete applications for licence amendments/revocations/ conversions considered by the Energy Regulator within the stated timeframe	100%	100%	100%	100%	100%	100%	100%

OUTCOME	OUTPUTS	OUTPUT INDICATORS	ANNUAL TARGETS						
			Audited performance			Estimated performance	MTEF Period		
			2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
MTSF Priority 2: Economic Transformation and Job Creation									
	3. 100% of complete applications for the registration of gas activities are processed and considered by the PGS within 60 working days from date of close of public comment period	% of complete applications for the registration of gas activities considered by the Energy Regulator within the stated timeframe	100%	100%	100%	100%	100%	100%	100%

b) *Indicators, Annual and Quarterly Targets*

OUTPUTS	OUTPUT INDICATORS	ANNUAL TARGETS	QUARTERLY TARGETS			
			Q1	Q2	Q3	Q4
1. 100% of complete licence applications considered by the PGS/REC/ER within 60 working days from date of close of public comment period or period of applicant's response to objections received	% of complete licence applications considered by the Energy Regulator within the stated timeframe	100%	100%	100%	100%	100%
2. 100% of complete applications for licence amendments/revocations/ conversions considered by the PGS/REC within 60 working days from date of close of public comment period or period of applicant's response to objections received	% of complete applications for licence amendments/ revocations/ conversions considered by the Energy Regulator within the stated timeframe	100%	100%	100%	100%	100%
3. 100% of complete applications for the registration of gas activities are processed and considered by the PGS within 60 working days from date of close of public comment period	% of complete applications for the registration of gas activities considered by the Energy Regulator within the stated timeframe	100%	100%	100%	100%	100%

iii. Compliance Monitoring and Enforcement

a) Outcomes, Outputs, Performance Indicators and Targets

OUTCOME	OUTPUTS	OUTPUT INDICATORS	ANNUAL TARGETS						
			Audited performance			Estimated performance	MTEF Period		
			2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
MTSF Priority 2: Economic Transformation and Job Creation									
A stable and diverse energy sector system and pricing regime which supports access through regulatory services that are delivered on time and to quality standards	1. Twelve monthly volume balance reports assessed and analysis reports	Number of monthly volume balance reports assessed considered by the relevant subcommittee within the stated timeframe	12 considered annually by the PGS	12 considered annually by the PGS	12 considered annually by the PGS	12 considered annually by the PGS	12 considered annually by the PGS	12 considered annually by the PGS	12 considered annually by the PGS
	2. One audit report on the compliance of ROMPCO pipeline	Number of audit reports on compliance of the ROMPCO pipeline considered by the relevant subcommittee within the stated timeframe	1 considered annually by the PGS by 31 March	1 considered annually by the PGS by 31 March	1 considered annually by the PGS by 31 March	1 considered annually by the PGS by 31 March	1 considered annually by the PGS by 31 March	1 considered annually by the PGS by 31 March	1 considered annually by the PGS by 31 March
	3. One report on compliance with licence conditions	Number of reports on licensees' compliance with licence conditions considered by the relevant Subcommittee within the stated timeframe	45 inspected facilities	1 considered annually by the PGS by 31 March	1 considered annually by the PGS by 31 March	1 considered annually by the PGS by 31 March	1 considered annually by the PGS by 31 March	1 considered annually by the PGS by 31 March	1 considered annually by the PGS by 31 March
	4. Monitoring reports on the implementation of transmission tariffs, after one year following the approval of the transmission tariff	% of monitoring reports on the implementation of transmission tariffs considered by the relevant subcommittee within the stated timeframe	3	3	3	100% considered annually by the PGS by 31 March	100% considered annually by the PGS by 31 March	100% considered annually by the PGS by 31 March	100% considered annually by the PGS by 31 March
	5. Four reports (one for each licensee – SASOL, ROMPCO, Transnet and SLG) on the implementation of the RRM for the preceding financial year	Number of reports on the implementation of the RRM for the preceding financial year considered by the relevant subcommittee or the Energy Regulator within the stated timeframe	4 considered annually by the PGS/REC by 31 March	4 considered annually by the PGS/REC by 31 March	4 considered annually by the PGS/REC by 31 March	4 considered annually by the PGS/REC by 31 March	4 considered annually by the PGS/REC by 31 March	4 considered annually by the PGS/REC by 31 March	4 considered annually by the PGS/REC by 31 March
	6. Monitoring reports per licensee on the implementation of Maximum Prices, after one year following the approval of the maximum price	% of monitoring reports per licensee on the implementation of Maximum Prices considered by the relevant subcommittee within the stated timeframe	1 report for each of the 8 licencees	1 Report for each of the 7 licencees	100% considered annually by the PGS by 31 March	100% considered annually by the PGS by 31 March	100% considered annually by the PGS by 31 March	100% considered annually by the PGS by 31 March	100% considered annually by the PGS by 31 March

b) Indicators, Annual and Quarterly Targets

OUTPUTS	OUTPUT INDICATORS	ANNUAL TARGETS	QUARTERLY TARGETS			
			Q1	Q2	Q3	Q4
1. Twelve monthly volume balance reports assessed and analysis reports	Number of monthly volume balance reports assessed considered by the relevant subcommittee within the stated timeframe	12 considered annually by the PGS	3 considered by the PGS	3 considered by the PGS	3 considered by the PGS	3 considered by the PGS
2. One audit report on the compliance of ROMPCO pipeline	Number of audit reports on compliance of the ROMPCO pipeline considered by the relevant subcommittee within the stated timeframe	1 considered annually by the PGS by 31 March	-	-	-	1 considered by the PGS by 31 March
3. One report on compliance with licence conditions	Number of reports on licensees' compliance with licence conditions considered by the relevant Subcommittee within the stated timeframe	1 considered annually by the PGS by 31 March	-	-	-	1 considered by the PGS by 31 March
4. Monitoring reports on the implementation of transmission tariffs, after one year following the approval of the transmission tariff	% of monitoring reports on the implementation of transmission tariffs considered by the relevant subcommittee within the stated timeframe	100% considered annually by the PGS by 31 March	-	-	-	100% considered by the PGS by 31 March
5. Four reports (one for each licensee – SASOL, ROMPCO, Transnet and SLG) on the implementation of the RRM for the preceding financial year	Number of reports on the implementation of the RRM for the preceding financial year considered by the relevant subcommittee or the Energy Regulator within the stated timeframe	4 considered annually by the PGS/REC by 31 March	-	-	-	4 considered by the PGS/REC by 31 March
6. Monitoring reports per licensee on the implementation of Maximum Prices, after one year following the approval of the maximum price	% of monitoring reports per licensee on the implementation of Maximum Prices considered by the relevant subcommittee within the stated timeframe	100% considered annually by the PGS by 31 March	-	-	-	100% considered by the PGS by 31 March

iv. Dispute resolution, including mediation, arbitration and handling of complaints

a) Outcomes, Outputs, Performance Indicators and Targets

OUTCOME	OUTPUTS	OUTPUT INDICATORS	ANNUAL TARGETS						
			Audited performance			Estimated performance	MTEF Period		
			2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
MTSF Priority 2: Economic Transformation and Job Creation									
A stable and diverse energy sector system and pricing regime which supports access through regulatory services that are delivered on time and to quality standards	1. 60% of complaint investigations completed within 12 months and a report on findings considered by the PGS	% of complaint investigations completed and a report on findings considered by the relevant subcommittee or the Energy Regulator within the stated timeframe	50%	50%	50%	60%	60%	60%	70%
	2. 60% of initiated investigations and inquiries completed within 12 months and a report on findings considered by the PGS	% of initiated investigations completed and a report on findings considered by the relevant subcommittee or the Energy Regulator within the stated timeframe	50%	50%	50%	60%	60%	60%	70%

b) Indicators, Annual and Quarterly Targets

OUTPUTS	OUTPUT INDICATORS	ANNUAL TARGETS	QUARTERLY TARGETS			
			Q1	Q2	Q3	Q4
1. 60% of complaint investigations completed within 12 months and a report on findings considered by the PGS	% of complaint investigations completed and a report on findings considered by the relevant subcommittee or the Energy Regulator within the stated timeframe	60%	60%	60%	60%	60%
2. 60% of initiated investigations and inquiries completed within 12 months and a report on findings considered by the PGS	% of initiated investigations completed and a report on findings considered by the relevant subcommittee or the Energy Regulator within the stated timeframe	60%	60%	60%	60%	60%

v. Setting of rules, guidelines and codes for regulation

a) Outcomes, Outputs, Performance Indicators and Targets

OUTCOME	OUTPUTS	OUTPUT INDICATORS	ANNUAL TARGETS						
			Audited performance			Estimated performance	MTEF Period		
			2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
MTSF Priority 2: Economic Transformation and Job Creation									
A stable and diverse energy sector system and pricing regime which supports access through regulatory services that are delivered on time and to quality standards	1. Two reports on new developments in the gas industry	Number of reports on new developments in the gas industry considered by the relevant committee or the Energy Regulator within the stated timeframe	3[1] considered bi-annually by the PGS by 30 September and 31 March	2 considered bi-annually by the PGS by 30 September and 31 March	2 considered bi-annually by the PGS by 30 September and 31 March	2 considered bi-annually by the PGS by 30 September and 31 March	2 considered bi-annually by the PGS by 31 March	2 considered bi-annually by the PGS by 31 March	2 considered bi-annually by the PGS by 31 March
	2. One report on the impact of developments on competition in the gas industry	Number of reports on the impact of developments on competition in the gas industry considered by the relevant committee or the Energy Regulator within the stated timeframe	New target	New target	1 considered annually by the PGS by 31 March	1 considered annually by the PGS by 31 March	1 considered annually by the PGS by 31 March	1 considered annually by the PGS by 31 March	1 considered annually by the PGS by 31 March

b) Indicators, Annual and Quarterly Targets

OUTPUTS	OUTPUT INDICATORS	ANNUAL TARGETS	QUARTERLY TARGETS			
			Q1	Q2	Q3	Q4
1. Two reports on new developments in the gas industry	Number of reports on new developments in the gas industry considered by the relevant subcommittee or the Energy Regulator within the stated timeframe	2 considered bi-annually by the PGS by 31 March	-	-	-	2 considered by the PGS 31 March
2. One report on the impact of developments on competition in the gas industry	Number of reports on the impact of developments on competition in the gas industry considered by the relevant subcommittee or the Energy Regulator within the stated timeframe	1 considered annually by the PGS by 31 March	-	-	-	1 considered by the PGS by 31 March

[1] The planned target was 2 reports. The 3rd report was produced due to major developments in the gas industry that took place in the last quarter of the financial year.

6.2.1.3. Subprogramme 3: Petroleum Pipeline Industry Regulation

i. Setting and/or approval of tariffs and prices

a) Outcomes, Outputs, Performance Indicators and Targets

OUTCOME	OUTPUTS	OUTPUT INDICATORS	ANNUAL TARGETS						
			Audited performance			Estimated performance	MTEF Period		
			2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
MTSF Priority 2: Economic Transformation and Job Creation									
A stable and diverse energy sector system and pricing regime which supports access through regulatory services that are delivered on time and to quality standards	1. 80% of complete pipeline, storage and loading facility tariff applications considered by the REC/PPS/ER within 6 months from receipt of complete/adequate application	% of complete pipeline, storage and loading facility tariff applications considered by the relevant subcommittee or the Energy Regulator within the stated timeframe	100%	90%	75%	80%	80%	85%	85%

b) Indicators, Annual and Quarterly Targets

OUTPUTS	OUTPUT INDICATORS	ANNUAL TARGETS	QUARTERLY TARGETS			
			Q1	Q2	Q3	Q4
1. 80% of complete pipeline, storage and loading facility tariff applications considered by the REC/PPS/ER within 6 months from receipt of complete/adequate application	% of complete pipeline, storage and loading facility tariff applications considered by the relevant subcommittee or the Energy Regulator within the stated timeframe	80%	80%	80%	80%	80%

ii. Licensing and Registration

a) Outcomes, Outputs, Performance Indicators and Targets

OUTCOME	OUTPUTS	OUTPUT INDICATORS	ANNUAL TARGETS						
			Audited performance			Estimated performance	MTEF Period		
			2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
MTSF Priority 2: Economic Transformation and Job Creation									
A stable and diverse energy sector system and pricing regime which supports access through regulatory services that are delivered on time and to quality standards	1. 100% of complete licence applications considered by the PPS/REC/ER within 60 working days under the conditions as prescribed in Section 19(1) of the Petroleum Pipelines Act	% of complete licence applications considered by the relevant subcommittee or the Energy Regulator within the stated timeframe	100%	75%	100%	100%	100%	100%	100%
	2. 100% of complete applications for licence amendments / revocations considered by the PPS/REC/ER within 60 working days from date of close of public comment period or period of applicant's response to objections received	% of complete applications for licence amendments / revocations considered by the relevant subcommittee or the Energy Regulator within the stated timeframe	New target	100%	100%	100%	100%	100%	100%
	3. One report on investigations done into suspected unlicensed activities	Number of reports on investigations done into suspected unlicensed activities considered by the relevant subcommittee or the Energy Regulator within the stated timeframe	4 considered quarterly by the REC by 31 March	1[2] considered annually by the REC by 31 March	1 considered annually by the REC by 31 March	1 considered annually by the REC by 31 March	1 considered annually by the REC by 31 March	1 considered annually by the REC by 31 March	1 considered annually by the REC by 31 March
	4. One report on the geographic spread of licences issued for petroleum pipelines infrastructure and new entrants	Number of reports on the geographic spread of licences issued for petroleum pipelines infrastructure and new entrants considered by the relevant subcommittee or the Energy Regulator within the stated timeframe	New target	New target	New target	1 considered annually by the PPS by 31 March	1 considered annually by the PPS by 31 March	1 considered annually by the PPS by 31 March	1 considered annually by the PPS by 31 March

[2] It became clear that 4 quarterly reports are too many. It was therefore decided that one consolidated report on all the investigations would be done.

OUTCOME	OUTPUTS	OUTPUT INDICATORS	ANNUAL TARGETS						
			Audited performance			Estimated performance	MTEF Period		
			2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
MTSF Priority 2: Economic Transformation and Job Creation									
	5. Two reports on the inland security of supply	Number of reports on the inland security of supply considered by relevant subcommittee or the Energy Regulator within the stated timeframe	2 considered bi-annually by the PPS by 30 September and 31 March	2 considered bi-annually by the PPS by 30 September and 31 March	2 considered bi-annually by the PPS by 30 September and 31 March	2 considered bi-annually by the PPS by 30 September and 31 March	2 considered bi-annually by the PPS by 31 March	2 considered bi-annually by the PPS by 31 March	2 considered bi-annually by the PPS by 31 March
	6. Report on prudency review of identified licensees	Number of reports on prudency reviews of identified licencees conducted considered by relevant subcommittee or the Energy Regulator within the stated timeframe	New target	New target	New target	New target	1 considered by ER by 31 March 2024	1 considered by ER by 31 March 2025	1 considered by ER by 31 March 2026

b) *Indicators, Annual and Quarterly Targets*

OUTPUTS	OUTPUT INDICATORS	ANNUAL TARGETS	QUARTERLY TARGETS			
			Q1	Q2	Q3	Q4
1. 100% of complete licence applications considered by the PPS/REC/ER within 60 working days under the conditions as prescribed in Section 19(1) of the Petroleum Pipelines Act	% of complete licence applications considered by the relevant subcommittee or the Energy Regulator within the stated timeframe	100%	100%	100%	100%	100%
2. 100% of complete applications for licence amendments / revocations considered by the PPS/REC/ER within 60 working days from date of close of public comment period or period of applicant's response to objections received	% of complete applications for licence amendments / revocations considered by the relevant subcommittee or the Energy Regulator within the stated timeframe	100%	100%	100%	100%	100%
3. One report on investigations done into suspected unlicensed activities	Number of reports on investigations done into suspected unlicensed activities considered by the relevant subcommittee or the Energy Regulator within the stated timeframe	1 considered annually by the REC by 31 March	-	-	-	1 considered by the REC by 31 March
4. One report on the geographic spread of licences issued for petroleum pipelines infrastructure and new entrants considered annually by the PPS by 31 March	Number of reports on the geographic spread of licences issued for petroleum pipelines infrastructure and new entrants considered by the relevant subcommittee or the Energy Regulator	1 considered annually by the PPS by 31 March	-	-	-	1 considered by the PPS by 31 March

OUTPUTS	OUTPUT INDICATORS	ANNUAL TARGETS	QUARTERLY TARGETS			
			Q1	Q2	Q3	Q4
5. Two reports on the inland security of supply considered bi-annually by the PPS by 30 September and 31 March	Number of reports on the inland security of supply considered by relevant subcommittee or the Energy Regulator within the stated timeframe	2 considered bi-annually by the PPS by 31 March	-	-	-	2 considered by the PPS by 31 March
6. Report on prudency review of identified licensees	Number of reports on prudency reviews of identified licencees considered by relevant subcommittee or the Energy Regulator within the stated timeframe	1 on considered by ER by 31 March 2024	-	-	-	1 considered by ER by 31 March 2024

iii. *Compliance Monitoring and Enforcement*

a) Outcomes, Outputs, Performance Indicators and Targets

OUTCOME	OUTPUTS	OUTPUT INDICATORS	ANNUAL TARGETS						
			Audited performance			Estimated performance	MTEF Period		
			2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
MTSF Priority 2: Economic Transformation and Job Creation									
A stable and diverse energy sector system and pricing regime which supports access through regulatory services that are delivered on time and to quality standards	1. Two reports on trends regarding utilisation of storage facilities and third-party access	Number of reports on trends regarding utilisation of storage facilities and third-party access, considered by the relevant subcommittee or the Energy Regulator within the stated timeframe	2 considered bi-annually by the PPS by 30 September and 31 March	2 considered bi-annually by the PPS by 30 September and 31 March	2 considered bi-annually by the PPS by 30 September and 31 March	2 considered bi-annually by the PPS by 30 September and 31 March	2 considered bi-annually by the PPS by 31 March	2 considered bi-annually by the PPS by 31 March	2 considered bi-annually by the PPS by 31 March
	2. One report on the implementation of the methodology to determine uncommitted capacity	Number of reports on the implementation of the methodology to determine uncommitted capacity considered by the relevant subcommittee or the Energy Regulator within the stated timeframe	1 considered annually by the PPS by 31 March	1 considered annually by the PPS by 31 March	1 considered annually by the PPS by 31 March	1 considered annually by the PPS by 31 March	1 considered annually by the PPS by 31 March	1 considered annually by the PPS by 31 March	1 considered annually by the PPS by 31 March

OUTCOME	OUTPUTS	OUTPUT INDICATORS	ANNUAL TARGETS						
			Audited performance			Estimated performance	MTEF Period		
			2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
MTSF Priority 2: Economic Transformation and Job Creation									
	3. Two reports on the construction of new facilities	Number of reports on the construction of new facilities considered by the relevant subcommittee or the Energy Regulator within the stated timeframe	4 considered quarterly by the PPS	4 considered quarterly by the PPS	2 considered bi-annually by the PPS by 30 September and 31 March	2 considered bi-annually by the PPS by 30 September and 31 March	2 considered bi-annually by the PPS by 31 March	2 considered bi-annually by the PPS by 31 March	2 considered bi-annually by the PPS by 31 March
	4. Two reports on licensees' compliance with statutory reporting requirements	Number of reports on licensees' compliance with statutory reporting requirements considered by the relevant subcommittee or the Energy Regulator within the stated timeframe	4 considered quarterly by the PPS	4 considered quarterly by the PPS	2 considered bi-annually by the PPS by 30 September and 31 March	2 considered bi-annually by the PPS by 30 September and 31 March	2 considered bi-annually by the PPS by 31 March	2 considered bi-annually by the PPS by 31 March	2 considered bi-annually by the PPS by 31 March

b) Indicators, Annual and Quarterly Targets

OUTPUTS	OUTPUT INDICATORS	ANNUAL TARGETS	QUARTERLY TARGETS			
			Q1	Q2	Q3	Q4
1. Two reports on trends regarding utilisation of storage facilities and third-party access	Number of reports on trends regarding utilisation of storage facilities and third-party access, considered by the relevant subcommittee or the Energy Regulator within the stated timeframe	2 considered bi-annually by the PPS by 31 March	-	-	-	2 considered by the PPS by 31 March
2. One report on the implementation of the methodology to determine uncommitted capacity	Number of reports on the implementation of the methodology to determine uncommitted capacity considered by the relevant subcommittee or the Energy Regulator within the stated timeframe	1 considered annually by the PPS by 31 March	-	-	-	1 considered by the PPS by 31 March
3. Two reports on the construction of new facilities	Number of reports on the construction of new facilities considered by the relevant subcommittee or the Energy Regulator within the stated timeframe	2 considered bi-annually by the PPS by 31 March	-	-	-	2 considered by the PPS by 31 March
4. Two reports on licensees' compliance with statutory reporting requirements	Number of reports on licensees' compliance with statutory reporting requirements considered by the relevant subcommittee or the Energy Regulator within the stated timeframe	2 considered bi-annually by the PPS by 31 March	-	-	-	2 considered by the PPS by 31 March

iv. Dispute resolution, including mediation, arbitration and handling of complaints

a) Outcomes, Outputs, Performance Indicators and Targets

OUTCOME	OUTPUTS	OUTPUT INDICATORS	ANNUAL TARGETS						
			Audited performance			Estimated performance	MTEF Period		
			2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
MTSF Priority 2: Economic Transformation and Job Creation									
A stable and diverse energy sector system and pricing regime which supports access through regulatory services that are delivered on time and to quality standards	1. 100% of complaints investigated and report considered by the PPS within 12 months of receipt of adequate information from relevant parties	% of complaints investigated and report considered by the relevant subcommittee or the Energy Regulator within the stated timeframe of receipt of adequate information from relevant parties	100%	100%	100%	100%	100%	100%	100%

b) Indicators, Annual and Quarterly Targets

OUTPUTS	OUTPUT INDICATORS	ANNUAL TARGETS	QUARTERLY TARGETS			
			Q1	Q2	Q3	Q4
1. 100%of complaints investigated and report considered by the PPS within 12 months of receipt of adequate information from relevant parties	% of complaints investigated and report considered by the relevant subcommittee or the Energy Regulator within the stated timeframe of receipt of complete information form relevant parties	100%	100%	100%	100%	100%

v. Setting of rules, guidelines and codes for regulation

a) Outcomes, Outputs, Performance Indicators and Targets

OUTCOME	OUTPUTS	OUTPUT INDICATORS	ANNUAL TARGETS						
			Audited performance			Estimated performance	MTEF Period		
			2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
MTSF Priority 2: Economic Transformation and Job Creation									
A stable and diverse energy sector system and pricing regime which supports access through regulatory services that are delivered on time and to quality standards	1. One report on the monitoring of the implementation of the revised tariff methodology	Number of reports on the monitoring of the implementation of the tariff methodology considered by the relevant subcommittee or the Energy Regulator within the stated timeframe	Reviewed Tariff Methodo-logy incur-porating prudency guidelines, considered by the ER by 31 March 2020	1 considered annually by the PPS by 31 March	1	1 considered annually by the PPS by 31 March	1 considered annually by the PPS by 31 March	1 considered annually by the PPS by 31 March	1 considered annually by the PPS by 31 March
	2. Reviewed pipelines tariff methodology	Energy Regulator decision on the Reviewed pipelines tariff methodology taken by the relevant subcommittee or Energy Regulator within the stated timeframe	1	1	-	-	Regulator decision by 31 March 2024	-	-

b) Indicators, Annual and Quarterly Targets

OUTPUTS	OUTPUT INDICATORS	ANNUAL TARGETS	QUARTERLY TARGETS			
			Q1	Q2	Q3	Q4
1. One report on the monitoring of the implementation of the revised methodology	Number of reports on the monitoring of the implementation of the tariff methodology considered by the relevant subcommittee or the Energy Regulator within the stated timeframe	1 considered annually by the PPS by 31 March	-	-	-	1 considered annually by the PPS by 31 March
2. Reviewed pipelines tariff methodology	Energy Regulator decision on the Reviewed pipelines tariff methodology taken by the relevant subcommittee or Energy Regulator within the stated timeframe	Regulator decision by 31 March 2024	-	-	-	Regulator decision by 31 March 2024

6.2.1.4. Explanation of Planned Performance

The planned outputs are in line with the regulatory functions of NERSA, as contained in relevant legislation.

6.2.1.5. Programme Resource Considerations

The budget for activities relating to the regulation of the energy industry is based on a ring-fencing methodology that was approved to comply with section 13 of the National Energy Regulator Act, 2004 (Act No. 40 of 2004). The methodology is based on direct employment cost as a basis of common costs apportionment. Direct costs are allocated directly to the respective industry.

The table below indicates the approved staff complement and the approved budget for 2022/23 for Programme 1: Regulatory Service delivery.

DIVISIONS	RELEVANT STRUCTURES	STAFF COMPLEMENT	BUDGET (R)	% ALLOCATION
Electricity Regulation (ELR)	Executive Manager	3	7 992 731	80%
	Electricity Pricing and Tariffs (EPT)	35	33 719 207	80%
	Electricity Licensing, Compliance and Dispute Resolution (ELC)	34	35 156 076	80%
	Electricity Infrastructure Planning (EIP)	13	15 933 894	80%
Piped-Gas Regulation (GAR)	Executive Manager	5	11 489 235	90%
	Gas Pricing and Tariffs (GPT)	8	10 802 482	95%
	Gas Licensing, Compliance and Dispute Resolution (GLC)	11	13 899 825	100%
	Gas, Competition and Market Analysis (GCM)	4	6 854 928	90%
Petroleum Pipelines Regulation (PPR)	Executive Manager	6	7 451110	50%
	Petroleum Pipelines Tariffs (PPT)	9	8 871 027	80%
	Petroleum Licensing, Compliance and Dispute Resolution (PLC)	9	9 576 818	80%

Note: The % allocation is based on the staff complement of the Organisation in line with the ring-fencing methodology.

Please refer to *Part D: Funding for NERSA* for the detailed budget.

6.2.1.6. Key Risks

Please refer to Section 6.2.6 below for NERSA's detailed Strategic Risk Register.

6.2.2. PROGRAMME 2: ADVOCACY AND ENGAGEMENT

The programme purpose is to contribute towards relevant legislation and policies; government's transformation as well as to informed customers and stakeholders.

6.2.2.1 *Subprogramme: Regulatory and Policy Advocacy*

a) Outcomes, Outputs, Performance Indicators and Targets

OUTCOME	OUTPUTS	OUTPUT INDICATORS	ANNUAL TARGETS						
			Audited performance			Estimated performance	MTEF Period		
			2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
MTSF Priority 1: Capable, Ethical and Developmental State									
Energy industry regulatory framework is relevant for the effective regulation for the benefit of the customers and stakeholders	1. Two reports on regulatory advocacy, one each for the piped-gas and petroleum pipelines regulated industries, aimed at improvement of the regulatory framework provided through legislation, regulation and government policies	Number of reports on regulatory advocacy considered by the relevant subcommittee or the Energy Regulator within stated timeframe	New target	New target	New target	4 considered annually by the PGS (2) and PPS (2) by 31 March	2 considered annually by the PGS (1) and PPS (1) by 31 March	2 considered annually by the PGS (1) and PPS (1) by 31 March	2 considered annually by the PGS (1) and PPS (1) by 31 March
Innovation drives our response to the transition of the Industry	2. Regulatory Advocacy in line with the approved annual ESI Advocacy and Stakeholder Engagement Plan aimed at influencing legislative and policy changes	Percentage variance of planned versus actual annual ESI Advocacy and Stakeholder Engagement Plan	New target	New target	65%	65%	65%	65%	65%

b) Indicators, Annual and Quarterly Targets

OUTPUTS	OUTPUT INDICATORS	ANNUAL TARGETS	QUARTERLY TARGETS			
			Q1	Q2	Q3	Q4
3. Two reports on regulatory advocacy, one each for the piped-gas and petroleum pipelines regulated industries, aimed at improvement of the regulatory framework provided through legislation, regulation and government policies	Number of reports on regulatory advocacy considered by the relevant subcommittee or the Energy Regulator within stated timeframe	2 considered annually by the PGS (1) and PPS (1) by 31 March	-	-	-	2 considered annually by the PGS (1) and PPS (1) by 31 March

OUTPUTS	OUTPUT INDICATORS	ANNUAL TARGETS	QUARTERLY TARGETS			
			Q1	Q2	Q3	Q4
4. Regulatory Advocacy in line with the approved annual ESI Advocacy and Stakeholder Engagement Plan aimed at influencing legislative and policy changes	Percentage variance of planned versus actual annual ESI Advocacy and Stakeholder Engagement Plan	65%	Annual ESI Advocacy and Stakeholder Engagement Plan	10%	25%	30%

6.2.2.2 *Subprogramme: Customer and Stakeholder Engagement*

a) Outcomes, Outputs, Performance Indicators and Targets

OUTCOME	OUTPUTS	OUTPUT INDICATORS	ANNUAL TARGETS						
			Audited performance			Estimated performance	MTEF Period		
			2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
MTSF Priority 7: A better Africa and world									
Integrated and value-added services to customers	1. Two reports on stakeholder engagements for the piped-gas and petroleum pipelines regulated industries	Number of reports on stakeholder workshops / meetings for the piped-gas and petroleum pipelines regulated industries considered by the relevant subcommittee or the Energy Regulator within the stated timeframe	New target	New target	New target	2 considered annually by the PGS (1) and PPR (1) by 31 March	2 considered annually by the PGS (1) and PPR (1) by 31 March	2 considered annually by the PGS (1) and PPR (1) by 31 March	2 considered annually by the PGS (1) and PPR (1) by 31 March
	2. ESI Stakeholder engagement in line with the approved annual ESI Advocacy and Stakeholder Engagement Plan	Percentage variance of planned versus actual annual ESI Stakeholder Engagement Plan	New target	New target	New target	65%	65%	65%	65%
	3. Seventy five ESI customer education programmes undertaken annually by 31 March	Number of ESI customer education programmes undertaken within the stated timeframe	55	30 [3]	50	75	75	75	75

[3] The **target** was changed from 60 to 30 customer education programmes due to the restrictions on traveling and gathering of people that will make conducting customer education workshops difficult. NERSA will utilise radio interviews and the distribution of brochures to conduct some level of customer education programmes.

OUTCOME	OUTPUTS	OUTPUT INDICATORS	ANNUAL TARGETS						
			Audited performance			Estimated performance	MTEF Period		
			2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
MTSF Priority 7: A better Africa and world									
	4. One consolidated report on the customer education programmes undertaken	Number of consolidated reports on the customer education programmes undertaken considered by the relevant subcommittee or the Energy Regulator within the stated timeframe	New target	1 considered annually by the ELS/REC by 31 March	1 considered annually by the ELS/REC by 31 March	1 considered annually by the ELS/REC by 31 March	1 considered annually by the ELS/REC by 31 March	1 considered annually by the ELS/REC by 31 March	1 considered annually by the ELS/REC by 31 March
	5. Two reports on partnership creation to position NERSA as a recognised regulator nationally, regionally and internationally	Number of reports on partnership creation considered by the relevant subcommittee or the Energy Regulator within the stated timeframe	2 considered biannually by the REC by 30 September and 31 March	2 considered biannually by the REC by 30 September and 31 March	2 considered biannually by the REC by 30 September and 31 March	2 considered biannually by the REC by 30 September and 31 March	2 considered biannually by the REC by 31 March	2 considered biannually by the REC by 31 March	2 considered biannually by the REC by 31 March
	6. One report on the implementation of the stakeholder management plan	Number of reports on the implementation of the stakeholder management plan considered by the relevant subcommittee or the Energy Regulator within the stated timeframe	1 report on 3-yearly stakeholder survey considered by the REC by 31 March 2020	1 considered annually by the REC by 31 March	1 considered annually by the REC by 31 March	1 considered annually by the REC by 31 March	1 considered annually by the REC by 31 March	1 considered annually by the REC by 31 March	1 considered annually by the REC by 31 March
	7. One report on the analysis of the Customer satisfaction survey considered by the ER by 31 March 2025	Number of reports on the analysis of the Customer satisfaction survey considered by the relevant subcommittee within the stated timeframe	New target	New target	New target	-	-	1	1

b) *Indicators, Annual and Quarterly Targets*

OUTPUTS	OUTPUT INDICATORS	ANNUAL TARGETS	QUARTERLY TARGETS			
			Q1	Q2	Q3	Q4
1. Two reports on stakeholder engagements for the piped-gas and petroleum pipelines regulated industries	Number of reports on stakeholder workshops / meetings for the piped-gas and petroleum pipelines regulated industries considered by the relevant subcommittee or the Energy Regulator within the stated timeframe	2 considered annually by the PGS (1) and PPR (1) by 31 March	-	-	-	2 considered by the PGS (1) and PPR (1) by 31 March

OUTPUTS	OUTPUT INDICATORS	ANNUAL TARGETS	QUARTERLY TARGETS			
			Q1	Q2	Q3	Q4
2. ESI Stakeholder engagement in line with the approved annual ESI Advocacy and Stakeholder Engagement Plan	Percentage variance of planned versus actual annual ESI Stakeholder engagement plan	65%	Annual ESI Advocacy and Stakeholder Engagement Plan	10%	25%	30%
3. Seventy five ESI customer education programmes undertaken annually by 31 March	Number of ESI customer education programmes undertaken within the stated timeframe	75	20	25	15	15 Annual ESI customer education programme Plan for the year 24/25
4. One consolidated report on the ESI customer education programmes undertaken	Number of consolidated reports on the ESI customer education programmes undertaken considered by the relevant subcommittee or the Energy Regulator within the stated timeframe	1 considered annually by the ELS/REC by 31 March	-	-	-	1 considered by the ELS/REC by 31 March
5. Two reports on partnership creation to position NERSA as a recognised regulator nationally, regionally and internationally	Number of reports on partnership creation considered by the relevant subcommittee or the Energy Regulator within the stated timeframe	2 considered biannually by the REC by 31 March	-	-	-	2 considered by the REC by 31 March
6. One report on the implementation of the stakeholder management plan	Number of reports on the implementation of the stakeholder management plan considered by the relevant subcommittee or the Energy Regulator within the stated timeframe	1 considered annually by the REC by 31 March	-	-	-	1 considered annually by the REC by 31 March

6.2.2.3 Explanation of Planned Performance

The planned output is in support of NERSA's regulatory functions of NERSA, as contained in relevant legislation.

6.2.2.4 Programme Resource Considerations

The budget for activities relating to the regulation of the energy industry is based on a ring-fencing methodology that was approved to comply with section 13 of the National Energy Regulator Act, 2004 (Act No. 40 of 2004). The methodology is based on direct employment cost as a basis of common costs apportionment. Direct costs are allocated directly to the respective industry.

The table below indicates the approved staff complement and the approved budget for 2022/23 for Programme 2: Advocacy and Engagement.

DIVISIONS	RELEVANT STRUCTURES	STAFF COMPLEMENT	BUDGET (R)	% ALLOCATION
Electricity Regulation (ELR)	Executive Manager	3	1 998 183	20%
	Electricity Pricing and Tariffs (EPT)	35	8 429 802	20%
	Electricity Licensing, Compliance and Dispute Resolution (ELC)	34	8 789 019	20%
	Electricity Infrastructure Planning (EIP)	13	3 983 473	20%
Piped-Gas Regulation (GAR)	Executive Manager	5	1 276 582	10%
	Gas Pricing and Tariffs (GPT)	8	568 552	5%
	Gas Competition and Markets (GCM)	4	360 786	5%
Petroleum Pipelines Regulation(PPR)	Executive Manager	6	7 451110	50%
	Petroleum Pipelines Tariffs (PPT)	9	2 217 757	20%
	Petroleum Licensing, Compliance and Dispute Resolution (PLC)	9	2 394 205	20%
Corporate Services	Executive Manager	3	221 669	5%
	Communication and Stakeholder Management (CSM)	9	13 496 355	100%
	International Co-ordination and Partnerships (ICP)	3	5 923 646	100%

Note: The % allocation is based on the staff complement of the Organisation in line with the ring-fencing methodology.

Please refer to *Part D: Funding for NERSA* for the detailed budget.

6.2.2.5 Key Risks

Please refer to Section 6.2.6 below for NERSA's detailed Strategic Risk Register.

6.2.3. PROGRAMME 3: INNOVATION

The programme purpose is to ensure a technology solution that supports the business in delivering integrated and value- added services to customers internally and externally.

6.2.3.1 *Subprogramme: Integrated and Value-Added Services*

a) Outcomes, Outputs, Performance Indicators and Targets

OUTCOME	OUTPUTS	OUTPUT INDICATORS	ANNUAL TARGETS						
			Audited performance			Estimated performance	MTEF Period		
			2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
MTSF Priority 1: Capable, Ethical and Developmental State									
Innovation drives our response to the transition of the Industry	1. Two reports on the implementation of the approved ICT Strategy	Number of reports on the implementation of the approved ICT Strategy considered by the relevant committee or the Energy Regulator within the stated timeframe	New target	New target	2 considered bi-annually by the ITGC by 30 September and 31 March	2 considered bi-annually by the ITGC by 30 September and 31 March	2 considered bi-annually by the 31 March	2 considered bi-annually by the ITGC by 31 March	2 considered bi-annually by the ITGC by 31 March

b) Indicators, Annual and Quarterly Targets

OUTPUTS	OUTPUT INDICATORS	ANNUAL TARGETS	QUARTERLY TARGETS			
			Q1	Q2	Q3	Q4
1. Two reports on the implementation of the approved ICT Strategy	Number of reports on the implementation of the approved ICT Strategy considered by the relevant committee or the Energy Regulator within the stated timeframe	2 considered bi-annually by the ITGC by 31 March	-	-	-	2 considered bi-annually by the ITGC by 31 March

6.2.3.2 Explanation of Planned Performance

The planned output is in support of NERSA's regulatory functions of NERSA, as contained in relevant legislation.

6.2.3.3 Programme Resource Considerations

The budget for activities relating to the regulation of the energy industry is based on a ring-fencing methodology that was approved to comply with section 13 of the National Energy Regulator Act, 2004 (Act No. 40 of 2004). The methodology is based on direct employment cost as a basis of common costs apportionment. Direct costs are allocated directly to the respective industry.

The table below indicates the approved staff complement and the approved budget for 2022/23 for Programme 3: Innovation.

DIVISIONS	RELEVANT STRUCTURES	STAFF COMPLEMENT	BUDGET (R)	% ALLOCATION
Specialised Support Units (SSU)	Information and Communication Technology (ICT)	10	5 954 477	20%
Corporate Services:	Information Resource Management (IRM)	7	696 510	5%

Note: The % allocation is based on the staff complement of the Organisation in line with the ring-fencing methodology.

Please refer to *Part D: Funding for NERSA* for the detailed budget.

6.2.3.4 Key Risks

Please refer to Section 6.2.6 below for NERSA's detailed Strategic Risk Register.

6.2.4. PROGRAMME 4: OPERATIONAL EFFICIENCY AND QUALITY MANAGEMENT

The programme purpose is to ensure that NERSA's integrated operational processes, improved planning and project management remain relevant in supporting core business.

6.2.4.1 Subprogramme: Integrated Operations and Research and Analysis

a) Outcomes, Outputs, Performance Indicators and Targets

OUTCOME	OUTPUTS	OUTPUT INDICATORS	ANNUAL TARGETS						
			Audited performance			Estimated performance	MTEF Period		
			2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
MTSF Priority 1: Capable, Ethical and Developmental State									
Integrated and value-added services to customers	1. One progress report on the implementation of the Regulatory Reporting Manuals regarding the Standard Chart of Accounts (SCOA) for municipalities	Number of reports on the implementation of the Regulatory Reporting Manuals regarding the Standard Chart of Accounts (SCOA) for municipalities considered by the relevant committee or the Energy Regulator within the stated timeframe	1 considered annually by the REC by 31 March	1 considered annually by the REC by 31 March	1 considered annually by the REC by 31 March	1 considered annually by the REC by 31 March	1 considered annually by the REC by 31 March	1 considered annually by the REC by 31 March	1 considered annually by the REC by 31 March
	2. One report on the impact of global, regional and local energy trends on NERSA's business	Number of reports on the impact of global, regional and local energy trends on NERSA's business considered by the relevant subcommittee or the Energy Regulator within the stated timeframe	1 considered annually by the REC by 30 June	1 considered annually by the REC by 30 June	1 considered annually by the REC by 30 June	1 considered annually by the REC by 30 June	1 considered annually by the REC by 30 June	1 considered annually by the REC by 30 June	1 considered annually by the REC by 30 June
	3. Two reports on the implementation of the Regulatory Reporting Manuals for Non-financial and financial information	Number of reports on the implementation of the Regulatory Reporting Manuals for Non-financial and financial information, considered by the relevant subcommittee or the Energy Regulator within the stated timeframe	2 considered bi-annually by the REC by 30 September and 31 March	2 considered bi-annually by the REC by 30 September and 31 March	2 considered bi-annually by the REC by 30 September and 31 March	2 considered bi-annually by the REC by 30 September and 31 March	2 considered bi-annually by the REC by 31 March	2 considered bi-annually by the REC by 31 March	2 considered bi-annually by the REC by 31 March

OUTCOME	OUTPUTS	OUTPUT INDICATORS	ANNUAL TARGETS						
			Audited performance			Estimated performance	MTEF Period		
			2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
MTSF Priority 1: Capable, Ethical and Developmental State									
	4. Four reports on legislative and policy developments impacting on the Regulator	Number of reports on legislative and policy developments impacting on the Regulator, considered by the relevant subcommittee or the Energy Regulator within the stated timeframe	4 considered quarterly by the REC	4 considered quarterly by the REC	4 considered quarterly by the REC	4 considered quarterly by the REC	4 considered quarterly by the REC	4 considered quarterly by the REC	4 considered quarterly by the REC
	5. Audit Report that is not qualified	Unqualified audit	Unqualified audit	Unqualified audit	Clean audit	Unqualified audit	Unquali-fied audit	Unquali-fied audit	Unquali-fied audit
	6. Reviewed NERSA Enterprise Development Plan considered by the ER by 31 March 2025	Reviewed NERSA Enterprise Development Plan considered the relevant subcommittee or the Energy Regulator within the stated timeframe	4 quarterly reports on the implementation of the NERSA Enterprise Development Plan considered by the ER	Reviewed NERSA Enterprise Development Plan considered by the ER by 31 March 2021 and new target group identified	2 reports on the implementation of the NERSA Enterprise Development Plan considered by the ER	-	-	Reviewed NERSA Enterprise Development Plan considered by the ER by 31 March 2025	-
	7. One report on the implementation of gender mainstreaming initiatives	Number of reports on the implementation of the gender mainstreaming plan considered by the relevant subcommittee within the stated timeframe	New target	New target	New target	1 considered annually by the REC by 31 March	1 considered annually by the REC by 31 March	1 considered annually by the REC by 31 March	1 considered annually by the REC by 31 March

b) *Indicators, Annual and Quarterly Targets*

OUTPUTS	OUTPUT INDICATORS	ANNUAL TARGETS	QUARTERLY TARGETS			
			Q1	Q2	Q3	Q4
1. One progress report on the implementation of the Regulatory Reporting Manuals regarding the Standard Chart of Accounts (SCOA) for municipalities	Number of reports on the implementation of the Regulatory Reporting Manuals regarding the Standard Chart of Accounts (SCOA) for municipalities considered by the relevant committee or the Energy Regulator within the stated timeframe	1 considered annually by the REC by 31 March	-	-	-	1 considered annually by the REC by 31 March
2. One report on the impact of global, regional and local energy trends on NERSA's business	Number of reports on the impact of global, regional and local energy trends on NERSA's business considered by the relevant subcommittee or the Energy Regulator within the stated timeframe	1 considered annually by the REC by 30 June	1 considered annually by the REC by 30 June	-	-	-

OUTPUTS	OUTPUT INDICATORS	ANNUAL TARGETS	QUARTERLY TARGETS			
			Q1	Q2	Q3	Q4
3. Two reports on the implementation of the Regulatory Reporting Manuals for Non-financial and financial information	Number of reports on the implementation of the Regulatory Reporting Manuals for Non-financial and financial information, considered by the relevant subcommittee or the Energy Regulator within the stated timeframe	2 considered bi-annually by the REC by 31 March	-	-	-	2c onsidered by the REC by 31 March
4. Four reports on legislative and policy developments impacting on the Regulator	Number of reports on legislative and policy developments impacting on the Regulator, considered by the relevant subcommittee or the Energy Regulator within the stated timeframe	4 considered quarterly by the REC	1 considered by the REC	1 considered by the REC	1 considered by the REC	1 considered by the REC
5. Audit Report that is not qualified	Unqualified audit	Unquali-fied audit	-	Unqualified audit	-	-
6. One report on the implementation of gender mainstreaming initiatives	Number of reports on the implementation of the gender mainstreaming plan considered by the relevant subcommittee within the stated timeframe	1 considered annually by the REC by 31 March	-	-	-	1 considered annually by the REC by 31 March

6.2.4.2 Explanation of Planned Performance

The planned outputs are in support of NERSA's regulatory functions of NERSA, as contained in relevant legislation.

6.2.4.3 Programme Resource Considerations

The budget for activities relating to the regulation of the energy industry is based on a ring-fencing methodology that was approved to comply with section 13 of the National Energy Regulator Act, 2004 (Act No. 40 of 2004). The methodology is based on direct employment cost as a basis of common costs apportionment. Direct costs are allocated directly to the respective industry.

The table below indicates the approved staff complement and the approved budget for 2022/23 for Programme 4: Operational Efficiency and Quality Management.

REGULATED INDUSTRY	RELEVANT STRUCTURES	STAFF COMPLEMENT	BUDGET	% ALLOCATION
Finance and Administration (CFO)	Chief Financial Officer	3	8 184113	100%
	Financial Management and Governance (FMG)	7	11424 536	100%
	Supply Chain Management, Facilities and Projects	12	24 506 608	100%
Corporate Services (COS)	Executive Manager	3	4 211 720	95%
	Legal Advisory Services (LAS)	6	28 095 326	100%
	Information Resources Management (IRM)	7	13 233 696	95%
Specialised Support	Internal Audit (IAU)	7	12 380 752	100%

REGULATED INDUSTRY	RELEVANT STRUCTURES	STAFF COMPLEMENT	BUDGET	% ALLOCATION
Units (SSU)	Strategic Planning and Monitoring (SPM)	4	6 877 323	100%
	Regulator Support (RSU)	11	30 229 123	100%
	CEO's Office Operations (COO)	6	7 863 548	100%
	Regulatory Analysis and Research (RAR)	6	10 584 263	100%
	Information and Communication Technology (ICT)	10	23 817 906	80%

Note: The % allocation is based on the staff complement of the Organisation in line with the ring-fencing methodology.

Please refer to *Part D: Funding for NERSA* for the detailed budget.

6.2.4.4 Key Risks

Please refer to Section 6.2.6 below for NERSA's detailed Strategic Risk Register.

6.2.5. PROGRAMME 5: PEOPLE AND ORGANISATIONAL CULTURE

The programme purpose is to ensure a conducive work culture and human capacity that is balanced between specialised skills and generic skill requirements as well as system development to deliver the value to customer and stakeholder expectations.

6.2.5.1 Subprogramme: Human Resources and Capacity

a) Outcomes, Outputs, Performance Indicators and Targets

OUTCOME	OUTPUTS	OUTPUT INDICATORS	ANNUAL TARGETS						
			Audited performance			Estimated performance	MTEF Period		
			2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
MTSF Priority 1: Capable, Ethical and Developmental State **MTSF Priority 3: Education, skills and health**									
Integrated and value-added services to customers	1. One report on Organisational Culture Assessment	Number of reports on Organisational Culture Assessment considered by the relevant committee or the Energy Regulator within the stated timeframe	New Target	New Target	New Target	1 considered annually by the HRRC by 31 March	1 considered annually by the HRRC by 31 March	1 considered annually by the HRRC by 31 March	1 considered annually by the HRRC by 31 March
	2. Two reports on the implementation of the Employment Equity Plan	Number of reports on the implementation of the Employment Equity Plan considered by the relevant committee or the Energy Regulator within the stated timeframe	2 considered bi-annually by the HRRC by 30 September and 31 March	2 considered bi-annually by the HRRC by 30 September and 31 March	2 considered bi-annually by the HRRC by 30 September and 31 March	2 considered bi-annually by the HRRC by 30 September and 31 March	2 considered bi-annually by the HRRC by 31 March	2 considered bi-annually by the HRRC by 31 March	2 considered bi-annually by the HRRC by 31 March
	3. 50% of women in management positions	% of women in management positions	50%	50%	50%	50%	50%	50%	50%
	4. 2% of people with disabilities employed	% of people with disabilities employed	2%	2%	2%	2%	2%	2%	2%
	5. Four reports on the implementation of the Youth Employment Accord	Number of reports on the implementation of the Youth Employment Accord considered by the relevant committee or the Energy Regulator within the stated timeframe	4 considered quarterly by the HRRC	4 considered quarterly by the HRRC	4 considered quarterly by the HRRC	4 considered quarterly by the HRRC	4 considered quarterly by the HRRC	4 considered quarterly by the HRRC	4 considered quarterly by the HRRC

OUTCOME	OUTPUTS	OUTPUT INDICATORS	ANNUAL TARGETS						
			Audited performance			Estimated performance	MTEF Period		
			2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
MTSF Priority 1: Capable, Ethical and Developmental State **MTSF Priority 3: Education, skills and health**									
	6. One report on the implementation of the bursary programme for qualifying external applicants	Number of reports on the implementation of the bursary programme for qualifying external applicants considered by the relevant committee or the Energy Regulator within the stated timeframe	1 considered annually by the HRRC by 31 March	1 considered annually by the HRRC by 31 March	1 considered annually by the HRRC by 31 March	1 considered annually by the HRRC by 31 March	1 considered annually by the HRRC by 31 March	1 considered annually by the HRRC by 31 March	1 considered annually by the HRRC by 31 March
	7. Four reports on the design of a regulatory course at an accredited institution of higher learning	Number of reports on the design of a regulatory course at an accredited institution of higher learning considered by the relevant committee or the Energy Regulator within the stated timeframe	Planning phase concluded and considered by the HRRC by 31 March 2020	2 considered by the HRRC.	1 considered by the HRRC.	4 considered quarterly by the HRRC.	4 considered quarterly by the HRRC.	4 considered quarterly by the HRRC.	4 considered quarterly by the HRRC.
	8. One report on the leadership development programme	Number of reports on leadership development programme considered by the relevant committee or the Energy Regulator within the stated timeframe	Planning phase concluded and considered by the HRRC by 31 March 2020	-	-	1 considered by the HRRC by 31 March 2023	-	1 considered by the HRRC by 31 March 2025	-
	9. One report on the development of a technical regulatory training and development programme	Number of reports on the development of a technical regulatory training and development programme considered by the relevant committee or the Energy Regulator within the stated timeframe	Comprehensive leadership development programme consisdered by the Energy Regulator by 31 March 2020	1	1	1 considered by the HRRC by 31 March 2023	1 considered annually by the HRRC by 31 March	1 considered annually by the HRRC by 31 March	1 considered annually by the HRRC by 31 March

b) Indicators, Annual and Quarterly Targets

OUTPUTS	OUTPUT INDICATORS	ANNUAL TARGETS	QUARTERLY TARGETS			
			Q1	Q2	Q3	Q4
1. One report on Organisational Culture Assessment considered annually by the HRRC by 31 March	Number of report on Organisational Culture Assessment considered by the relevant committee or the Energy Regulator within the stated timeframe	1 considered annually by the HRRC by 31 March	TORs and procurement for OCA	Roll out of OCA and produce report. Report approved by HRRC	Implement recommendations as per OCA	1 considered annually by the HRRC by 31 March
2. Two reports on the implementation of the Employment Equity Plan considered bi-annually by the HRRC by 30 September and 31 March	Number of reports on the implementation of the Employment Equity Plan considered by the relevant committee or the Energy Regulator within the stated timeframe	2 considered bi-annually by the HRRC by 31 March	-	-	-	2 considered by the HRRC by 31 March
3. 50% of women in management positions	% of women in management positions	50%	-	-	-	50%
4. 2% of people with disabilities employed	% of people with disabilities employed	2%	-	-	-	2%
5. Four reports on the implementation of the Youth Employment Accord considered quarterly by the HRRC	Number of reports on the implementation of the Youth Employment Accord considered by the relevant committee or the Energy Regulator within the stated timeframe	4 considered quarterly by the HRRC	1 considered by the HRRC	1 considered by the HRRC	1 considered by the HRRC	1 considered by the HRRC
6. One report on the implementation of the bursary programme for qualifying external applicants considered annually by the HRRC by 31 March	Number of reports on the implementation of the bursary programme for qualifying external applicants considered by the relevant committee or the Energy Regulator within the stated timeframe	1 considered annually by the HRRC by 31 March	-	-	-	1 considered by the HRRC by 31 March
7. Four reports on the design of a regulatory course at an accredited institution of higher learning considered quarterly by the HRRC.	Number of reports on the design of a regulatory course at an accredited institution of higher learning considered by the relevant committee or the Energy Regulator within the stated timeframe	4 considered quarterly by the HRRC.	1 considered by the HRRC	1 considered by the HRRC	1 considered by the HRRC	1 considered by the HRRC
8. One report on the development of a technical regulatory training and development programme considered by the HRRC by 31 March 2023	Number of reports on the development of a technical regulatory training and development programme considered by the relevant committee or the Energy Regulator within the stated timeframe	1 considered annually by the HRRC by 31 March	-	-	-	1 considered annually by the HRRC by 31 March

6.2.5.2 Explanation of Planned Performance

The planned outputs are in support of NERSA's regulatory functions of NERSA, as contained in relevant legislation.

6.2.5.3 Programme Resource Considerations

The budget for activities relating to the regulation of the energy industry is based on a ring-fencing methodology that was approved to comply with section 13 of the National Energy Regulator Act, 2004 (Act No. 40 of 2004). The methodology is based on direct employment cost as a basis of common costs apportionment. Direct costs are allocated directly to the respective industry.

The table below indicates the approved staff complement and the approved budget for 2022/23 for Programme 5: People and Organisational Culture.

DIVISIONS	RELEVANT STRUCTURES	STAFF COMPLEMENT	BUDGET (R)	% ALLOCATION
Human Resources (CHO)	Chief Human Capital Officer	2	3 784 549	100%
	Human Resources – Value Creation	8	15 121 750	100%
	Human Resources -Transactions	3	13 009 255	100%

Note: The % allocation is based on the staff complement of the Organisation in line with the ring-fencing methodology.

Please refer to *Part D: Funding for NERSA* for the detailed budget.

6.2.5.4 Key Risks

Please refer to Section 6.2.6 below for NERSA's detailed Strategic Risk Register.

6.2.6. Strategic Risks

6.2.6.1 NERSA's approved Risk Management Policy requires that strategic risks are updated, reviewed and evaluated on an annual basis.

6.2.6.2 The approach on assessing risks is vital, as it assists in the customisation of risk identification process. The ER approved the following risk identification approach techniques:

a) Objective-by-Objective approach – risks are identified linking to each strategic objective;
b) Risk-based approach – a list of risks is generated from all relevant stakeholders, and then ranked in accordance to their priority;
c) Process- based approach – each process is being analysed to identify inherent risks involved;
d) Control-based approach – Internal controls are evaluated to identify inherent risks involved.

6.2.6.3 At its Strategic Risk Assessment Workshop on 31 October 2022, the ER resolved that the Objective-by-Objective approach be adopted in the identification of the proposed strategic risks for NERSA. The following Strategic Objectives were adopted:

a) Facilitate entry, setting prices and resolving disputes through efficient regulatory tools on an annual basis;
b) Enable a stable and diverse energy sector system and pricing regime which supports access through regulatory services that are delivered on time (annually) and to quality standards;
c) Review regulatory tools periodically to ensure that it is innovative in response to transformation of the energy industry;
d) Review Regulatory Framework periodically to ensure that it is relevant for effective regulation for the benefit of customers and stakeholders, through regulatory advocacy and stakeholder engagement; and
e) Enable provision of integrated and value-added services in an equitable/a fair manner to customers.

6.2.6.4 The following strategic risks were identified:

a) Cyber Security
b) Perceived Regulatory irrelevance
c) Rising energy costs (High energy prices and tariffs)
d) Supply instability
e) The maturity level of the business processes that might hamper the achievement towards optimised state / Inadequate maturity level of the organisational systems, processes and resources
f) Business continuity & disruption
g) Reputational damage
h) Inability to implement our governing legislation
i) Lack of growth, sustainability and transformation of energy industry

6.2.6.5 The detailed strategic risk register is below.

Ranking	STRATEGIC OBJECTIVES	Risk Category	Risk Description	Causes of the risk (Background)	Inherent Risk		Current controls	Residual risk		Risk Owner	Risk Response Strategies (Action plans)	Action Owner	Time scale
R1	Enable provision of integrated and value-added services in an equitable/a fair manner to customers (Objective 5)	ICT	Cyber Security	1. Emerging global security vulnerabilities (Cyber threats, Ransomwares, Hacking) 2. Technology not keeping abreast with the fast emerging cyber threat 3. Lack of policy enforcement 4. Users not security conscious 5. Inadequate cyber security measures (No mutli factor authentication)	Extreme	20	1. Deployed Perimeter Security (Firewall, Virtual Private Network, Email Gateway, Anti-virus etc.) 2. Continuously upgrading operating systems. 3. Enforcement automatic by way of security tools through firewall and antivirus 3.1. Network Penetration Testing 4. Continuous awareness campaigns 5. No Control	High	16	SM: ICT	1. Enhance security features and ensure email is accessed through VPN 2-4 Continue with effective and efficient implementation of existing Controls 5..1 Appoint panel of cyber security Experts 5.2. Development of Implementation plan for Data Loss Prevention 5.3. Deploy Multi factor authentication 5.4. Improve user awareness campaign	SM: CIO	1. 31 January 2023 2-4 Quarterly monitoring of controls 5.1. 30 June 2023 5.2. 30 September 2023 5.3. 30 December 2023 5.4. 30 June 2023
R2	Review Regulatory Framework periodically to ensure that it is relevant for effective regulation for the benefit of customers and stakeholders, through regulatory advocacy and stakeholder engagement (Objective 4)	Regulatory	Perceived Regulatory irrelevance	1. NERSA loosing court cases due to: 1.1. NERSA regulatory tools (i.e. Methodologies etc) and processes not being adhered to 1.2. Lack of proper document management and review 1.3. Sharing of confidential documents 2. Outdated Regulatory tools and legislation and rules due to: 2.1. Not keeping up with changing environment 2.2. gaps in regulatory legislation e.g. enforcement 2.3. Regulatory overlaps (Fragmentation of Regulations (Nonalignment of regulatory activities)) 3. NERSA processes perceived to be a bottleneck in the development of the industry e.g. Inability to convene tribunal expeditiously 4. Inadequate engagement with stakeholders	Extreme	20	1. 1 Nersa follows due process, including public consultation when making decisions. 1.2. Regulatory Training and awareness 1.2. Share Point document management system 1.3. Employment Contract addresses confidentiality 1.4. Disciplinary Code for breach of confidentiality 2. Petroleum Storage and Loading methodology reviewed in 2021/22. 2.1 - Regular review of developments in the gas industry and Petroleum pipeline, and the impact of those developments on the structure of, and competition within the industry. This serves to inform the Regulator in advance when changes to methodologies are required as a result, or where advocacy should be conducted to change legislation where required. 2.1 Regular determination of the adequacy of competition in the gas industry to ensure that NERSA has a mandate to approve maximum prices of gas. 2.2. & 2.3.& 5. Regulatory advocacy (Advocacy with the DMRE on measures to improve competition, including filling regulatory gaps and other stakeholders) 2.3. MoUs, Regulatory advocacy and stakeholder engagements. 3. Regulatory advocacy to influence policy/legislation. 3.1 Reasons are published in respect of all decisions made. 3.2 Policies and Standard Operating Procedures 4. Regular engagement with stakeholders through customer/stakeholder education and workshops. 4.1 Frequently Asked Questions on Tariff Methodologies. 4.2 Standard Operating Procedures 4.3. Public participation process 4.4. Organisational stakeholder engagement and advocacy strategy 4.5. Stakeholder survey	High	16	EM:PPR EM: ELR EM: GAR SM: ICT EM: COS	1.1 & 2 Finalise review of Petroleum Pipelines tariff methodology 1.1. Finalisation of Electricity Pricing Methodology 1.1. Gas Methodology approval - maximum price of gas 1.2, 1.3 & 1.4: Maintain current Controls 2. Continue with effective and efficient implementation of existing Controls 3. 1 Review the SOP to strengthen the Pre- application process 3.2. Automation of the application Process 4. Continue with effective and efficient implementation of existing Controls	HOD: PPT HOD: EPT HOD: GPT HODs: EPT, GPT & PPT All HODs of ELR & GAR HODS: EPT, ELC &EIP SM: ICT All HODs of ELR & GAR and HOD: CSM	1.1 &2 30 March 2023 1.1 31 March 2024 1.1 28 February 2023 1.2, 1.3 & 1.4: Quarterly monitoring of controls 2. Quarterly monitoring of controls 3.1 30 June 2023 (Electricity) 3.1 30 June 2023 4. Quarterly monitoring of controls

Ranking	STRATEGIC OBJECTIVES	Risk Category	Risk Description	Causes of the risk (Background)	Inherent Risk		Current controls	Residual risk		Risk Owner	Risk Response Strategies (Action plans)	Action Owner	Time scale
R3	Review Regulatory Framework periodically to ensure that it is relevant for effective regulation for the benefit of customers and stakeholders, through regulatory advocacy and stakeholder engagement (Objective 4)	Socio economic	Rising energy costs (High energy prices and tariffs)	1. Imprudent investments, Cost Overrun on Capital Projects and Inefficient operations by licensees 2. Change in technology (Migration by users) and substitution due to high prices 3. Inadequate maintenance, theft and vandalism of infrastructure resulting in dilapidated and unavailability of infrastructure 4. Inadequate regulatory tools not responsive to international developments 5. Electricity funds cross-subside other municipal services 6. Lack of energy supply diversification and competition 7. Dependency on imports	Extreme	20	1. Prudency Assessment and Prudence Guidelines approved in August 2018. 1.1. & 4.2. Regular review of Methodologies. 2. Regulatory advocacy 3. Regulatory Tool for technical and non technical losses and compliance enforcements for maintenance 4. Advocacy with the DMRE on measures to improve competition, including filling regulatory gaps 4.1. Independent peer review of NERSA regulatory Tools 5. Ring fencing of bulk amount and enforcement of distribution licence conditions 5.1. Benchmark and guidelines for Municipal Tariff 5.2. Individual Municipal Tariff Reviews 5.3. Compliance Audits 5.4. Compliance Reporting various stakeholders including DMRE, NT, SALGA and COGTA 6. Conducting analysis of the impact of NERSA's decisions in the gas industry on competition to ensure that NERSA's mandate to improve competition and transformation in the gas industry is taken into consideration in its decision making processes 6.1. Continued advocacy and engagements with the Competition Commission to align and strengthen the two regulators' approaches to improve competition and transformation in the gas industry 6.2. Advocacy with the DMRE on measures to improve competition, including filling regulatory gaps 6.3. Enforcing third party access to infrastructure to improve growth, competition and transformation in the gas industry 6.4. Conducting inquiries to identify bottlenecks to competition, growth and transformation in the gas industry. 6.5. Licencing new entrants 6.6. Registrants and IPP 6.7.NERSA gives input in the formulation of the Integrated Resource Plan (IRP) by DMRE. This Plan ensures that Country's Energy Demand is met through diversified Energy Sources. Further to this, NERSA is also mandated to process section 34 Determinations. Concurrence to the Section 34 Determination by the Regulator is the mechanism that operationalize the IRP 7. Regulatory Advocacy	High	16	EM: ELR EM: GAR EM: PPR SM: RAR EM: COS	1. Review of EPDM Methodologies 2., 6, 7. Continue with effective and efficient implementation of existing Controls 3. Implementation plan for formal approach on Collaboration with Licencees and Law Enforcement Agencies 4. Energy Data procurement 5.1 Establishment of the Tribunal for Enforcement of compliance 5. 2 Establishment of the Tribunal for penalties for Non compliance in Piped-Gas and Petroleum Pipelines Industries	HOD: EPT All HODs of ELR, GAR & PPR SM: RAR HOD: IRM All HODs of ELR All HODs of GAR & PPR	1. 30 June 2023 2., 6, 7.Quarterly monitoring of controls 3. 30 June 2023 4. 30 September 2023 5.1. As and when case identified 5.2 As and when case identified
R4	Review regulatory tools periodically to ensure that it is innovative in response to transformation of the energy industry (Objective 3)	Security of Supply	Supply instability	1. Lack of sufficient local energy resources resulting in heavy import reliance 2. Lack of transformation and growth of industry 3. Poor performance of Eskom generation fleets (failure of IPP to come on line) 4. Closure of petroleum refineries 5. Lack of investment into energy infrastructure 6. Lack of diversification of energy supply impacting the energy mix 7. Vandalism to infrastructure 8. Lack of policy direction 9. Geopolitical factors 10. Lack of regional integration	Extreme	20	1. Interaction with neighbouring countries to explore opportunities for supply. 2. Conducting analysis of the impact of NERSA's decisions in the gas industry on competition to ensure that NERSA's mandate to improve competition and transformation in the gas industry is taken into consideration in its decision making processes 2.1. Continued advocacy and engagements with the Competition Commission to align and strengthen the two regulators' approaches to improve competition and transformation in the gas industry 2.2. Advocacy with the DMRE on measures to improve competition, including filling regulatory gaps 2.3. Enforcing third party access to infrastructure to improve growth, competition and transformation in the gas industry 2.4. Conducting inquiries to identify bottlenecks to competition, growth and transformation in the gas industry. 3. Enforcement of licence conditions. 4. Regulatory Advocacy 5. Licencing and registration of new entrants 6. Conducting analysis of the impact of NERSA's decisions in the gas industry on competition to ensure that NERSA's mandate to improve competition and transformation in the gas industry is taken into consideration in its decision making processes 6.1. Continued advocacy and engagements with the Competition Commission to align and strengthen the two regulators' approaches to improve competition and transformation in the gas industry 6.2. Advocacy with the DMRE on measures to improve competition, including filling regulatory gaps 6.3. Enforcing third party access to infrastructure to improve growth, competition and transformation in the gas industry 6.4. Conducting inquiries to identify bottlenecks to competition, growth and transformation in the gas industry. 6.5. Licencing new entrants 6.6. Registrants and IPPs 6.7.NERSA gives input in the formulation of the Integrated Resource Plan (IRP) by DMRE. This Plan ensures that Country's Energy Demand is met through diversified Energy Sources. Further to this, NERSA is also mandated to process section 34 Determinations. Concurrence to the Section 34 Determination by the Regulator is the mechanism that operationalize the IRP 7. Regulatory Tool for technical and non technical losses	High	16	EM: ELR EM: GAR EM: PPR	1. - 6., 8-10. Continue with effective and efficient implementation of existing Controls 7. Implementation plan for formal approach on Collaboration with Licencees and Law Enforcement Agencies	All HODs of ELR, GAR & PPR RAR	1. - 6., 8-10. Quarterly monitoring of controls 7. 30 June 2023

Ranking	STRATEGIC OBJECTIVES	Risk Category	Risk Description	Causes of the risk (Background)	Inherent Risk		Current controls	Residual risk		Risk Owner	Risk Response Strategies (Action plans)	Action Owner	Time scale
R5	Review Regulatory Framework periodically to ensure that it is relevant for effective regulation for the benefit of customers and stakeholders, through regulatory advocacy and stakeholder engagement (Objective 4)	Reputational	Reputational damage	1. Prolonged legislation review processes 2. Ineffective regulatory tools / methodology 3. Quality of regulatory decisions threatening reputation and credibility 4. Non-responsive stakeholder and communication strategy 5. Inadequate communication and business intelligence strategy 6. Perception of lack of consequence management 7. Exposure to vulnerabilities due to meetings open to the public	High	16	1. Regulatory Advocacy 2. Regular review of developments in the gas industry and Petroleum pipeline, and the impact of those developments on the structure of, and competition within the industry. This serves to inform the Regulator in advance when changes to methodologies are required as a result, or where advocacy should be conducted to change legislation where required. 3. Roll out of the Skills Audit recommendations. 3.1 New competency framework. 3.2 Completion of ER members skills gap analysis. 3.3 Recruiting individuals with adequate skills and experience to be able to conduct sound and improved analysis based on sound economic principles and international best practice 3.4. Regulatory Training and awareness 4. Organisational stakeholder engagement and advocacy strategy 4.1. Stakeholder survey 4.2. Customer Education 5. Communication Strategy 6. Disciplinary policy and codes 7.1 Regulatory advocacy. 7.2. Methodologies are reviewed periodically. 7.3. Regular review of developments in the gas industry, and the impact of those developments on the structure of, and competition within the industry. This serves to inform the Regulator in advance when changes to methodologies are required as a result, or where advocacy should be conducted to change legislation where required	High	12,8	EM: ELR EM: GAR EM: PPR EM: COS CHCO SM: CEO's office	1.- 4. & 7. Continue with effective and efficient implementation of existing Controls 3. Roll out of interventions as recommended by the ER member skills gap analysis. 5. Review the Communication Strategy 6. Develop a framework for consequence management	All HODs in ELR, GAR & PPR All HR HODs HOD: CSM CHCO/ SM: RSU HOD: CSM SM: CEO's office	1.- 4. & 7.Quarterly monitoring of controls 3. 01/04/2023- 31/03/2024 5. 30 September 2023 6. 30 September 2023
R6	Enable provision of integrated and value-added services in an equitable/a fair manner to customers (Objective 5)	ICT	Business continuity & disruption	1. Inadequate Business Continuity Measures (Disasters - i.e. Epidemic, Labour and Civil Unrest) 2. System downtime due to hardware failures 3. Loss and/or corruption of data and poor records management 4. Outdated technologies and tools (Out of warrant servers and storage) 5. Inadequate safe working procedures 6. " Working from home" (stolen computers, unauthorised access to information) 7. Inadequate back-up processes	High	15	1.1 Business Continuity Management Policy; BCM Strategy; BCM Plans 1.2. Disaster Recovery Plan 1.3. Generators and UPS 2. & 4. Procure solutions with maintenance agreements in place 3. Share Point document management system 5., 6. End user policy 5.1. Health and Safety Reps, Policy and Committee 5.2. Health and Safety Surveys 5.3. & 6.1 NERSA security policy (Data in use, Assets etc) 6.2. Operational procedures for Working from Home 7. Laptops are backed up with Cibecs. Server environment is backed up with Veem software.	High	12	SM: SPM SM: ICT EM: COS CHCO EM: COS	1.1. Review the Governance documents for BCM 1.2. Conduct Disaster Recovery Test 2. Replacement of outdated hardware and ensure warrant and service level agreement with service providers 3. & 4. Continue with effective and efficient implementation of existing Controls 5. - 5.3. Review of policy documentation and align with new normal strategy 6. Finalise New Normal strategy 6.1. Procure storage facilities for working at home 7. Enhance security features and ensure email is accessed through VPN	SM: SPM SM: ICT SM: ICT HOD: IRM & SM: ICT SM: ICT, HR HODs & HOD: IRM SM: SPM HOD: IRM SM: ICT	1.1. 30 September 2023 1.2. 30 March 2023 2. 30 March 2023 3 &4 .Quarterly monitoring of controls 5. - 5.3. 30 September 2023 6. 30 April 2023 6.1. 30 September 2023 7. 31 January 2023

Ranking	STRATEGIC OBJECTIVES	Risk Category	Risk Description	Causes of the risk (Background)	Inherent Risk		Current controls	Residual risk		Risk Owner	Risk Response Strategies (Action plans)	Action Owner	Time scale
R7	Facilitate entry, setting prices and resolving disputes through efficient regulatory tools on an annual basis (Strategic Objective 1)	Service Delivery	Inability to implement our governing legislation	1. Litigious environment 2. Energy Industry Transformation 3. New technology developments not addressed by legislation 4. Misalignment in policy direction 5. Inconsistent regulatory decisions and implementation of regulatory tools 6. Inefficient regulatory tools 7. Inefficient collaboration with other regulators 8. Regulatory Framework unresponsive to customer and stakeholder needs	High	15	1. 1 Conducting an analysis of the impact of NERSA's decisions in the gas industry on competition to ensure that NERSA's mandate to improve competition and transformation in the gas industry is taken into consideration in its decision making processes 1.1. Recruiting individuals with adequate skills and experience to be able to conduct sound and improved analysis based on sound economic principles and international best practice 1.3. Regular determination of the adequacy of competition in the gas industry to ensure that NERSA has a mandate to approve maximum prices of gas (if this is not done, NERSA will face litigation). 2. Licencing Conditions 2.1. Compliance monitoring 3., 5. & 6., 8 Advocacy with the DMRE on measures to improve competition, including filling regulatory gaps 4. Regulatory Advocacy 5.1. Independent peer review of NERSA regulatory Tools 7. Continued advocacy and engagements with the Competition Commission 8.1. Conducting inquiries to identify bottlenecks (which may include regulatory gaps) to competition, growth and transformation in the gas industry. 8.2. Ex-post Regulatory Impact Assessment of NERSA decisions	High	12	EM:GAR CHCO EM: ELR EM: PPR	1. - 4. & 7. - 8. Continue with effective and efficient implementation of existing Controls 5. & 6. Finalise review of Petroleum Pipelines tariff methodology 5.1. Implementation of Electricity Pricing Methodology 5.1. Gas Methodology approval - maximum price of gas	HOD: GCM HOD: HRT HOD: PPT HOD:EPT HOD: GPT	1. - 4. & 7. - 8.:Quarterly monitoring of controls 5. & 6: 30 March 2023 5.1. 30 June 2023 5.1 28 February 2023
R8	Enable a stable and diverse energy sector system and pricing regime which supports access through regulatory services that are delivered on time (annually) and to quality standards (Objective 2)	Strategic	The maturity level of the business processes that might hamper the achievement towards optimised state / Inadequate maturity level of the organisational systems, processes and resources	1. Inability for NERSA to fully fund its operations due to declining industry volumes in supply of energy (declining economic status, Inflation) 2. Inadequate cash flow 3. Outdated Regulator methodologies and legislation 4. Inadequate skills-base within NERSA - not aligned to changing energy industry 5. Rise in demand for scarce skills within NERSA 6. Technological advancements - need for reskilling. 7. Weakening value proposition, Uncompetitive salaries compared to industry 8. Lack of process automation 9. Inadequate and lack of policies and procedures to meet changing legislation	High	12	1. 3 year volume projections are provided by licensees during the annual budget process which is useful for monitoring risks associated with volumes. 2. Expenditure management to be within budget. Debtors days managed within 30 days. NERSA has a Cash mitigation reserve fund and investments of surplus funds with the SARB Corporation for Public Deposits. 3. Regular review of developments in the gas industry and Petroleum pipeline, and the impact of those developments on the structure of, and competition within the industry. This serves to inform the Regulator in advance when changes to methodologies are required as a result, or where advocacy should be conducted to change legislation where required. 4, 5 & 6 Roll out of the Skills Audit recommendations. 4, 5 & 6 New competency framework. 4, 5 & 6 Completion of ER members skills gap analysis. 5 & 6 . Learnership and internship programme. 5 & 6 .External Bursary Programme 7. Engage employees on value proposition and salary benchmark 8. Manual Business Processes 9. Policy reviews and Workshops of users on Policy, Procedures, Process	Moderate	7,8	CFO EM: PPR EM: ELR EM: GAR CHCO SM: ICT EM: COS SM: RAR SM: SPM SM: RSU SM: Office of CEO CAE	1.1. NERSA formulating a financial sustainability strategy and implementation plan with aim to preserve current revenue streams and identify additional sources of funds 1.2. Submit proposals for additional sources of funds 2. Monitor actual spend to remain within budget and revenue collection 3.1 Petroleum Pipelines tariff methodology is being reviewed in the 2022/23 financial. 3.2 Implementation of Electricity Pricing Methodology 3.3. Gas Methodology approval - maximum price of gas 4, 5 &6: Roll out of interventions as recommended by the ER member skills gap analysis. 5 & 6 Enhancement of the learnership and internship programme to ensure adequate supply of skills. 5 & 6 Finalisation of the development of regulatory programmes at academic institution 7. Continue with effective and efficient implementation of existing Controls 8. Automation of the business process 9. Continue with effective and efficient implementation of existing Controls	CFO HOD: FMG HOD: PPT HOD: EPT HOD: GPT CHCO/ SM: RSU CHCO CHCO HOD: HRT/HRV ICT All HODs and SMs	1.1. 31 March 2023 1.2. Annually 30 June 2. Quarterly 3.1 30 March 2023 3.2 10 June 2023 3.3. 28 February 2023 4,5&6: 01/04/2023- 31/03/2024 5&6 :01/04/2023- 31/03/2025 5&6:01/04/2023 - 31/03/2025 7. Quarterly monitoring of controls 8. 31 March 2024 9. Quarterly monitoring of controls

Ranking	STRATEGIC OBJECTIVES	Risk Category	Risk Description	Causes of the risk (Background)	Inherent Risk		Current controls	Residual risk		Risk Owner	Risk Response Strategies (Action plans)	Action Owner	Time scale
R9	Facilitate entry, setting prices and resolving disputes through efficient regulatory tools on an annual basis (Strategic Objective 1)	Strategic	Lack of growth, sustainability and transformation of energy industry	1. Insufficient infrastructure 2. Limited supply of energy resources 3. Gaps in legislation with regard to third party access 4. Potential impact of the Environmental, Social and Governance standards (ESG) and Carbon tax on the operations of the regulated energy industry 5. Change in environmental requirements due to energy transformation 6. Onerous requirements for new entrants by partners 7. Lack of coordination amongst other authorities	Moderate	9	1 - Setting and approval of maximum prices and tariffs that incentivizes investments in infrastructure that would facilitate increases in supplies 1.1- Enforcing third party access to infrastructure to improve growth, competition and transformation in the gas industry 1.2. Regulatory advocacy. 1.3. Licencing and Registration of Energy facilities 2. Research on industry developments. 2.1. Setting maximum prices and tariffs that incentivizes investments in infrastructure that would facilitate increases in supplies 2.2. Enforcing third party access to infrastructure to improve growth, competition and transformation in the gas industry 2.3. Regulatory advocacy 3. Advocacy with the DMRE on measures to improve competition, including filling regulatory gaps 3.1. Established cooperative relationship with specific regulatory authorities through MoU's. 4. Regulatory advocacy 5. Environmental Scan Reports 6. Conducting inquiries to identify bottlenecks to entry, competition, growth and transformation in the gas industry. 7. Continued advocacy and engagements with the Competition Commission to align and strengthen the two regulators' approaches to improve competition and transformation in the gas industry	Moderate	7,2	EM: ELR EM: GAR EM: PPR SM: RAR	1. - 7. Continue with effective and efficient implementation of existing Controls 1 -7 Identification of improvement strategies for existing controls	All HODs in ELR, GAR & PPR SM: RAR All HODs in ELR, GAR & PPR SM: RAR	1-7. Quarterly monitoring of controls 1-7. 31 March 2023

7. Part D: Funding for NERSA

NERSA’s approved budget is attached as Annexure A.

8. Part E: Technical Indicator Descriptions

1. Performance Indicators

These indicators are divided in the following programmes:

a) Programme 1: Regulatory Service Delivery
b) Programme 2: Advocacy And Engagement
c) Programme 3: Innovation
d) Programme 4: Operational Efficiency and Quality Management
e) Programme 5: People and Organisational Culture

1.1. PROGRAMME 1: REGULATORY SERVICE DELIVERY

1.1.1. Subprogramme: Electricity Industry Regulation

1.1.1.1. Setting and/or approval of tariffs and prices

Indicator title	1. Energy Regulator decision on Eskom and municipal electricity prices within the stated timeframe
Definition	This is the decision of the Energy Regulator on Eskom and municipal electricity prices within the stated timeframe..
Source of data	Tariff Applications and D Forms; Tariff analysis schedules
Method of calculation / assessment	Energy Regulator decision per annum
Means of verification	Applications; Reasons for Decisions; Minutes of REC and ELS meetings
Assumptions	Complete applications received from licensees
Disaggregation of beneficiaries (where applicable)	Not applicable
Spatial transformation (where applicable)	Not applicable
Calculation Type	Non-cumulative
Reporting cycle	Annual
Desired performance	Regulator decision by 28 February 2024
Indicator Responsibility	EM (ELR) and HOD (EPT)

1.1.1.2. Licensing and Registration

Indicator title	1. Improved turnaround times for considering applications for licencing of electricity generation facilities	2. Improved turnaround times for considering applications for the registration of electricity generation facilities
Definition	The turnaround times for concluding the analysis of and decision-making on applications for licences are improved.	The turnaround times for concluding the analysis of and decision-making on applications for registrations are improved.
Source of data	Licencing processes; applications for licences	Registration processes; applications for registration
Method of calculation / assessment	Number of working days from receipt of complete application to decision by the Energy Regulator	Number of working days from receipt of complete application to decision by the Energy Regulator
Means of verification	Reviewed processes; Applications; Reasons for Decisions, Minutes of ELS and ER meetings	Reviewed processes; Applications; Reasons for Decisions, Minutes of ELS and ER meetings
Assumptions	Complete application received	Complete application received
Disaggregation of beneficiaries (where applicable)	Not applicable	Not applicable

Spatial transformation (where applicable)	Not applicable	Not applicable
Calculation Type	Non-cumulative	Non-cumulative
Reporting cycle	Quarterly	Quarterly
Desired performance	120 working days	45 working days
Indicator Responsibility	EM (ELR) and HOD (ELC)	EM (ELR) and HOD (ELC)

1.1.1.3. Compliance monitoring and enforcement

Indicator title	**1. Percentage variance of planned versus actual compliance audit plans**	**2. Number of analysis reports on audits conducted on a quarterly basis**
Definition	This is the percentage variance between the planned compliance audits completed in line with the annual Compliance Audit Plan and the number of actual compliance audits conducted	This is the number of reports on actual compliance audits conducted in line with the annual Compliance Audit Plan.
Source of data	Compliance Audit Plan; list of actual audits conducted	Compliance Audit Plan; audit reports
Method of calculation / assessment	(number of actual audits conducted) / (number of planned audits)*100	Number of quarterly reports on actual compliance audits conducted per annum
Means of verification	Minutes of ELS	Minutes of ELS
Assumptions	Audits conducted as planned	Reports on completed compliance audits conducted
Disaggregation of beneficiaries (where applicable)	Not applicable	Not applicable
Spatial transformation (where applicable)	Not applicable	Not applicable
Calculation Type	Cumulative	Cumulative
Reporting cycle	Quarterly	Quarterly
Desired performance	80% of planned audits conducted	4 quarterly reports
Indicator Responsibility	EM (ELR) and HOD (ELC)	EM (ELR) and HOD (ELC)

Indicator title	**3. Percentage variance of planned versus actual enforcement plan**	**4. Number of reports on non-compliance findings compiled on a quarterly basis**
Definition	This is the percentage variance between the planned enforcement actions on non-compliance in line with the annual Enforcement Plan and the number of actual enforcement actions taken.	This is the number of reports on actual enforcement actions taken in line with the annual Enforcement Plan.
Source of data	Enforcement Plan; non-compliance findings	Enforcement Plan; non-compliance findings
Method of calculation / assessment	(number of actual enforcement actions on non-compliance) / (number of planned enforcement actions)*100	Number of reports on actual enforcement actions taken per quarter
Means of verification	Minutes of ELS and ER meetings	Minutes of ELS
Assumptions	Enforcement actions conducted as planned	Audits conducted as planned to report on; reports completed
Disaggregation of beneficiaries (where applicable)	Not applicable	Not applicable
Spatial transformation	Not applicable	Not applicable

(where applicable)		
Calculation Type	Cumulative	Cumulative
Reporting cycle	Annual	Quarterly
Desired performance	80% planned enforcement actions on non-compliance conducted	4 quarterly reports

1.1.1.4. Dispute resolution, including mediation, arbitration and handling of complaints

Indicator title	**1. Percentage of categorised disputes/ complaints, including initiated investigations, closed in line with the approved Complaints / dispute resolution / Investigations Framework and Process**
Definition	This is the percentage of categorised complaints / disputes, which includes initiated investigations, that are closed within n line with the approved Complaints / dispute resolution / Investigations Framework and Process
Source of data	Approved Complaints / dispute resolution / Investigations Framework and Process; records of disputes / complaints received
Method of calculation / assessment	(number of closed categorised disputes and/or complaints within 180 working days of receipt) / (number of received categorised complaints and/or disputes)*100
Means of verification	Database of all complaints/disputes received and closed
Assumptions	Complete information is received from complainants
Disaggregation of beneficiaries (where applicable)	Not applicable
Spatial transformation (where applicable)	Not applicable
Calculation Type	Non-cumulative
Reporting cycle	Quarterly
Desired performance	90% of categorised disputes/complaints including initiated investigations closed within the agreed upon turnaround time
Indicator Responsibility	EM (ELR) and HOD (ELC)

1.1.1.5. Setting of rules, guidelines and codes for the regulation of the electricity industry

Indicator title	**1. Percentage variance between planned versus actual targeted tools reviewed and development planned**
Definition	This the percentage of planned review and/or development of targeted regulatory tools completed in line with an annual plan for the reviews and/or developments to be concluded in the planning period.
Source of data	Analysis reports of reviewed tools and systems
Method of calculation / assessment	(number of actual reviews and/or development of targeted regulatory tools) / (planned number of reviews and/or development of targeted regulatory tools)*100
Means of verification	Minutes of ELS and ER meetings
Assumptions	Reviews and/or developments concluded as planned
Disaggregation of beneficiaries (where applicable)	Not applicable
Spatial transformation (where applicable)	Not applicable

Calculation Type	Cumulative
Reporting cycle	Quarterly
Desired performance	80% of planned reviews and/or development of targeted regulatory tools conducted
Indicator Responsibility	EM (ELR) and HOD (EIP)

1.1.2. Piped-Gas Industry Regulation

1.1.2.1. Setting and/or approval of tariffs and prices

Indicator title	**1. % of complete maximum price applications considered by the relevant subcommittee or the Energy Regulator within the stated timeframe**	**2. % of complete applications on distinguishing features considered by the relevant subcommittee or the Energy Regulator within the stated timeframe**
Definition	This is the percentage of complete applications for maximum prices of piped-gas considered by the relevant Subcommittee, within a set timeframe, subject to a finding that there is inadequate competition	This is the percentage of complete applications on distinguishing features considered by the relevant Subcommittee, within a set timeframe
Source of data	Applications for maximum prices of gas	Applications for distinguishing features
Method of calculation / assessment	(number of complete applications for maximum prices considered within 120 working days after date of publication of the preliminary assessment of the maximum price applications) / (number of complete applications for maximum prices received)*100	(number of complete applications on distinguishing features considered within 120 working days) / (number of complete applications on distinguishing features received)*100
Means of verification	Reason for decisions; minutes of ER	Reason for decisions; minutes of ER
Assumptions	Complete applications received from licensees	Complete applications received from licensees
Disaggregation of beneficiaries (where applicable)	Not applicable	Not applicable
Spatial transformation (where applicable)	Not applicable	Not applicable
Calculation Type	Non-cumulative	Non-cumulative
Reporting cycle	Quarterly	Quarterly
Desired performance	100% of complete maximum price applications considered by the ER within 120 working days after date of publication of the preliminary assessment of the maximum price applications	100% of complete applications on distinguishing features considered by the ER within 120 working days after the date of the publication of preliminary assessment of the applications
Indicator Responsibility	EM (GAR) and HOD (GPT)	EM (GAR) and HOD (GPT)

Indicator title	**3. % of complete transmission tariff applications considered by the relevant subcommittee or the Energy Regulator within the stated timeframe**	**4. Number of calculations of the ROMPCO tariff for gas volumes below 120 million Gigajoule considered by the relevant subcommittee or the Energy Regulator within the stated timeframe**
Definition	This is the percentage of transmission tariff applications considered by the relevant Subcommittee, within a set timeframe, subject to a finding that there is inadequate competition	This is the number of calculations of the ROMPCO tariff for gas volumes below 120 million Gigajoules considered by the relevant Subcommittee, within a set timeframe
Source of data	Applications for transmission tariff	Schedule One to the Agreement and PPI from StatsSA, Report containing the

Indicator title	3. % of complete transmission tariff applications considered by the relevant subcommittee or the Energy Regulator within the stated timeframe	4. Number of calculations of the ROMPCO tariff for gas volumes below 120 million Gigajoule considered by the relevant subcommittee or the Energy Regulator within the stated timeframe
		ROMPCO tariffs for volumes below 120 GJ
Method of calculation / assessment	(number of complete transmission tariff applications considered within 120 working days) / number of complete applications for transmission tariffs received)*100	Actual number of calculations and publication of the ROMPCO tariff for volumes below 120 Gigajoule considered per annum
Means of verification	Reason for decisions; minutes of ER	Submissions to PGS; minute of the PGS
Assumptions	Complete applications received from licensees	Information received timeously from ROMPCO
Disaggregation of beneficiaries (where applicable)	Not applicable	Not applicable
Spatial transformation (where applicable)	Not applicable	Not applicable
Calculation Type	Non-cumulative	Cumulative
Reporting cycle	Quarterly	Quarterly
Desired performance	100% of complete transmission tariff applications considered by ER within 120 working days after date of publication of preliminary assessment of tariff applications	Four quarterly calculations of the ROMPCO tariff for gas volumes below 120 million Gigajoules considered quarterly by the PGS
Indicator Responsibility	EM (GAR) and HOD (GPT)	EM (GAR) and HOD (GPT)

1.1.2.2. Licensing and Registration

Indicator title	1. % of complete licence applications considered by the relevant subcommittee or the Energy Regulator within the stated timeframe	2. % of complete applications for licence amendments/revocations/ conversions considered by the relevant subcommittee or the Energy Regulator within the stated timeframe
Definition	This is the percentage of the licence applications considered by the REC or PGS (depending on the delegation) within a set timeframe	This is the percentage of the applications for license amendment, considered by the relevant subcommittee within a set timeframe
Source of data	Licence applications	Applications for licence amendments
Method of calculation / assessment	(Number of complete licence applications considered within 60 working days after the end of the objection period or period of applicant's response to objections received) / (total number of complete applications received) * 100	(Number of complete applications for amendments/revocations/ conversions considered within 60 working days from receipt of complete application) / (total number of complete applications received) * 100
Means of verification	Reasons for decision; Minutes of REC / PGS (depending on delegation)	Reasons for decision; Minutes of REC / PGS (depending on delegation)
Assumptions	Complete applications submitted	Complete applications submitted
Disaggregation of beneficiaries (where applicable)	Not applicable	Not applicable
Spatial transformation (where applicable)	Not applicable	Not applicable
Calculation Type	Non-cumulative	Non-cumulative
Reporting cycle	Quarterly	Quarterly

Indicator title	1. % of complete licence applications considered by the relevant subcommittee or the Energy Regulator within the stated timeframe	2. % of complete applications for licence amendments/revocations/ conversions considered by the relevant subcommittee or the Energy Regulator within the stated timeframe
Desired performance	100% of complete licence applications considered by the PGS/REC/ER within 60 working days from date of close of public comment period or period of applicant's response to objections received	100% of complete applications for licence amendments/revocations/ conversions considered by the PGS/REC within 60 working days from date of close of public comment period or period of applicant's response to objections received
Indicator Responsibility	EM (GAR) and HOD (GLC)	EM (GAR) and HOD (GLC)

Indicator title	3. % of complete applications for the registration of gas activities considered by the relevant subcommittee or the Energy Regulator within the stated timeframe
Definition	This is the percentage of the registration applications for operations or activities related to the production and importation of gas, considered by the relevant subcommittee within a set timeframe
Source of data	Registration applications
Method of calculation / assessment	(Number of complete registration applications considered within 60 working days from receipt of complete application) / (total number of complete applications received) * 100
Means of verification	Reasons for decision; Minutes of PGS
Assumptions	Complete applications submitted
Disaggregation of beneficiaries (where applicable)	Not applicable
Spatial transformation (where applicable)	Not applicable
Calculation Type	Non-cumulative
Reporting cycle	Annual
Desired performance	100% of complete applications for the registration of gas activities are processed and considered by the PGS within 60 working days from date of close of public comment period
Indicator Responsibility	EM (GAR) and HOD (GLC)

1.1.2.3. Compliance monitoring and enforcement

Indicator title	1. Number of monthly volume balance reports assessed and analysis reports considered by the relevant subcommittee or the Energy Regulator within the stated timeframe	2. Number of audit reports on compliance of the ROMPCO pipeline considered by the relevant subcommittee within the stated timeframe
Definition	This is the number of reports on the assessment and analysis of Sasol's monthly volume balance reports considered by the relevant Subcommittee, within 60 days from date of receipt of information from Sasol, in order for NERSA to have regular, systematic, consistent, and sufficient non-financial information relevant to economic regulation, to enhance the efficiency and transparency of the regulatory process.	This is the number of report on audits conducted on the ROMPCO pipeline according to the compliance framework, non-compliance notices issued (where necessary), considered by the relevant committee by the end of the financial year.
Source of data	Volume balance assessment reports	Audit reports
Method of calculation / assessment	Actual number of reports considered per annum	Actual number of reports considered per annum

Means of verification	Submissions to PGS; Minutes of PGS	Submissions to PGS; Minutes of PGS
Assumptions	Information received timeously from Sasol	Approval received to travel to Mozambique to conduct audit
Disaggregation of beneficiaries (where applicable)	Not applicable	Not applicable
Spatial transformation (where applicable)	Not applicable	Not applicable
Calculation Type	Cumulative	Cumulative
Reporting cycle	Quarterly	Annually
Desired performance	Twelve monthly volume balance reports assessed and analysis reports considered quarterly by the PGS	One audit report on the compliance of ROMPCO pipeline considered annually by the PGS by 31 March
Indicator Responsibility	EM (GAR) and HOD (GLC)	EM (GAR) and HOD (GLC)
Indicator title	**3. Number of reports on licensees' compliance with licence conditions considered by the relevant Subcommittee within the stated timeframe**	**4. % of monitoring reports on the implementation of transmission tariffs considered by the relevant subcommittee or the Energy Regulator within the stated timeframe**
Definition	This is the number of report on inspections conducted aimed at enforcing monitoring and compliance of licensed entities with licence conditions considered by the relevant committee with stated timeframe	This is the percentage of reports on the monitoring of the implementation of transmission tariffs by ROMPCO, Transnet and Sasol Gas respectively, considered by the relevant committee with stated timeframe
Source of data	Approved plan for annual inspections, Inspection reports	Monitoring reports of ROMPCO, Transnet and Sasol Gas
Method of calculation / assessment	Actual number of reports considered per annum	(Actual number of reports) / (number of licencees with approved transmission tariffs) * 100
Means of verification	Submissions to PGS; Minutes of PGS	Submissions to PGS; Minutes of PGS, date of approval of transmission tariffs
Assumptions	Inspections reports competed after each inspection	Analysis of implementation of transmission tariffs completed
Disaggregation of beneficiaries (where applicable)	Not applicable	Not applicable
Spatial transformation (where applicable)	Not applicable	Not applicable
Calculation Type	Cumulative	Non-cumulative
Reporting cycle	Quarterly	Quarterly
Desired performance	One report on compliance with licence conditions considered annually by the PGS by 31 March	100% of monitoring reports on the implementation of transmission tariffs considered annually by the PGS by 31 March, after one year following the approval of the transmission tariff
Indicator Responsibility	EM (GAR) and HOD (GLC)	EM (GAR) and HOD (GLC)

Indicator title	5. Number of reports on the implementation of the RRM for the preceding financial year considered by the relevant subcommittee or the Energy Regulator within the stated timeframe	6. % of monitoring reports per licensee on the implementation of Maximum Prices considered by the relevant subcommittee or the Energy Regulator within the stated timeframe
Definition	These are the number of reports on the implementation of the RRM, aimed at achieving uniformity and consistent reporting of information required for tariff setting/approval and performance monitoring, considered by the relevant subcommittee	These are the percentage of reports on the implementation of maximum prices considered by the relevant Subcommittee, aimed at evaluating compliance.
Source of data	Analysis on the implementation of the RRM	Analysis on the implementation of Maximum Prices
Method of calculation / assessment	Actual number of reports considered per annum	(Actual number of reports) /) / (number of licencees with approved maximum pricess) * 100
Means of verification	Submission to PGS/REC; Minutes of PGS/REC	Submission to PGS/REC; Minutes of PGS/REC, , date of approval of transmission tariffs
Assumptions	Analysis of the implementation of the RRM completed	Analysis of the implementation of the Maximum Prices completed
Disaggregation of beneficiaries (where applicable)	Not applicable	Not applicable
Spatial transformation (where applicable)	Not applicable	Not applicable
Calculation Type	Cumulative	Cumulative
Reporting cycle	Quarterly	Quarterly
Desired performance	Four reports (one for each licensee – SASOL, ROMPCO, Transnet and SLG) on the implementation of the RRM for the preceding financial year considered annually by the PGS/REC by 31 March	100% of monitoring reports per licensee on the implementation of Maximum Prices, after one year following the approval of the maximum price considered annually by the PGS by 31 March
Indicator Responsibility	EM (GAR) and HOD (GLC)	EM (GAR) and HOD (GPT)

1.1.2.4. Dispute resolution, including mediation, arbitration and handling of complaints

Indicator title	1. % of complaint investigations completed and a report on findings considered by the relevant subcommittee or the Energy Regulator within the stated timeframe	2. % of initiated investigations completed and a report on findings considered by the relevant subcommittee or the Energy Regulator within the stated timeframe
Definition	This is the percentage of investigations into complaints and disputes received, completed within a stated timeframes and a report on the findings considered by the relevant Subcommittee	This is the percentage of initiated investigations within a stated timeframes and a report on the findings considered by the relevant Subcommittee
Source of data	Records of complaints received	Records of complaints initiated, RFD, minutes of relevant Subcommittee
Method of calculation / assessment	(Number of complaints received completed within 12 months after receipt) / (total number of applications received) * 100	(Number of initiated investigations completed within 12 months after receipt) / (total number of initiated investigations) * 100
Means of verification	RFD, minutes of PGS	RFD, minutes of PGS
Assumptions	Complete information received from complainant, report on findings completed	Initiated investigations completed, report on findings completed
Disaggregation of beneficiaries (where	Not applicable	Not applicable

applicable)		
Spatial transformation (where applicable)	Not applicable	Not applicable
Calculation Type	Non-cumulative	Non-cumulative
Reporting cycle	Annual	Annual
Desired performance	60% of complaint investigations completed within 12 months and a report on findings considered by the PGS	60% of initiated investigations and inquiries completed within 12 months and a report on findings considered by the PGS
Indicator Responsibility	EM (GAR) and (HOD (GPT) or HOD (GLC))	EM (GAR) and (HOD (GPT) or HOD (GLC))

1.1.2.5. Setting of rules, guidelines and codes for the regulation of the piped-gas industry

Indicator title	**1. Number of reports on new developments in the gas industry considered by the relevant subcommittee or the Energy Regulator within the stated timeframe**	**2. Number of reports on the impact of developments on competition in the gas industry considered by the relevant subcommittee or the Energy Regulator within the stated timeframe**
Definition	This is the number of reports relating to the new developments in piped-gas industry.	This is the number of reports on the impact of developments on competition in the gas industry
Source of data	Reports considered, minutes of relevant Subcommittee	Reports considered, minutes of relevant Subcommittee
Method of calculation / assessment	Actual number of reports considered per annum	Actual number of reports considered per annum
Means of verification	Submissions to PGS; Minutes of PGS	Submissions to PGS; Minutes of PGS
Assumptions	Reports compiled	Reports compiled
Disaggregation of beneficiaries (where applicable)	Not applicable	Not applicable
Spatial transformation (where applicable)	Not applicable	Not applicable
Calculation Type	Cumulative	Cumulative
Reporting cycle	Annual	Annual
Desired performance	Two reports on new developments in the gas industry considered bi-annually by the PGS by 30 September and 31 March	One report on the impact of developments on competition in the gas industry considered annually by the PGS by 31 March 2023
Indicator Responsibility	EM (GAR), HOD (GLC) and HOD (GPT)	EM (GAR), HOD (GLC) and HOD (GPT)

1.1.3. Petroleum Pipelines Industry Regulation

1.1.3.1. Setting and/or approval of tariffs and prices

Indicator title	**1. % of complete pipeline, storage and loading facility tariff applications considered by the relevant subcommittee or the Energy Regulator within the stated timeframe**
Definition	This is the percentage of all the pipeline, storage and loading facility tariff applications considered by the relevant Subcommittee within 8 months of receipt of complete application
Source of data	Applications for tariffs

Method of calculation / assessment	(Number of complete tariff applications considered by the relevant Subcommittee within 8 months of receipt of complete application) / (Total number of complete tariff applications received) * 100
Means of verification	Reasons for Decision; and Minutes of PPS
Assumptions	Complete applications received
Disaggregation of beneficiaries (where applicable)	Not applicable
Spatial transformation (where applicable)	Not applicable
Calculation Type	Non-cumulative
Reporting cycle	Annually
Desired performance	80% of complete pipeline, storage and loading facility tariff applications considered by the REC/PPS/ER within 6 months from receipt of complete/adequate application
Indicator Responsibility	EM (PPR) and HOD (PPT)

1.1.3.2. Licensing and Registration

Indicator title	**1. % of complete licence applications considered by the relevant subcommittee or the Energy Regulator within the stated timeframe**	**2. % of complete applications for licence amendments / revocations considered by the relevant subcommittee or the Energy Regulator within the stated timeframe**
Definition	This is the percentage of licence applications that will be decided upon within the timelines as prescribed in Section 19(1) of the Petroleum Pipelines Act	This is the percentage of applications for licence amendments / revocations that will be decided upon within the timelines as prescribed in Section 19(1) of the Petroleum Pipelines Act
Source of data	Licence applications	Licence amendment applications
Method of calculation / assessment	(number of complete applications decided upon within statutory turn-around / number of received complete licence applications) * 100	(number of complete applications decided upon within statutory turn-around / number of received complete licence applications) * 100
Means of verification	Reasons for decision (RFD) and Minutes of PPS/REC/ER	Reasons for decision (RFD) and Minutes of PPS/REC/ER
Assumptions	Complete applications	Complete applications
Disaggregation of beneficiaries (where applicable)	Not applicable	Not applicable
Spatial transformation (where applicable)	Not applicable	Not applicable
Calculation Type	Non-cumulative	Non-cumulative
Reporting cycle	Quarterly	Quarterly
Desired performance	100% of complete licence applications considered by the PPS/REC/ER within 60 working days under the conditions as prescribed in Section 19(1) of the Petroleum Pipelines Act	100% of complete applications for licence amendments / revocations considered by the PPS/REC/ER within 60 working days from date of close of public comment period or period of applicant's response to objections received
Indicator Responsibility	EM (PPR) and HOD (PLC)	EM (PPR) and HOD (PLC)

Indicator title	3. Number of reports on investigations done into suspected unlicensed activities considered by the relevant subcommittee or the Energy Regulator within the stated timeframe	4. Number of reports on the geographic spread of licences issued for petroleum pipelines infrastructure and new entrants considered annually by the relevant subcommittee or the Energy Regulator
Definition	This is the number of reports on investigations done into suspected unlicensed activities considered by the relevant Subcommittee	This is the number of reports on the geographic spread of licences issued for petroleum pipelines infrastructure and new entrants considered by the relevant Subcommittee
Source of data	Data based on suspected unlicensed activities	Reports considered, minutes of relevant Subcommittee Number of reports considered per annum
Method of calculation / assessment	Actual number of reports considered per annum	Actual number of reports considered per annum
Means of verification	Submissions to REC, minutes of REC	Submissions to PPS, minutes of PPS
Assumptions	Investigations completed	Reports compiled
Disaggregation of beneficiaries (where applicable)	Not applicable	Not applicable
Spatial transformation (where applicable)	Not applicable	Not applicable
Calculation Type	Cumulative	Cumulative
Reporting cycle	Annual	Annual
Desired performance	One report on investigations done into suspected unlicensed activities considered annually by the REC by 31 March	One report on the geographic spread of licences issued for petroleum pipelines infrastructure and new entrants considered annually by the PPS by 31 March
Indicator Responsibility	EM (PPR) and HOD (PLC)	EM (PPR) and HOD (PLC)

Indicator title	5. Number of reports on the inland security of supply considered by relevant subcommittee or the Energy Regulator within the stated timeframe
Definition	This is the number of reports on the inland security of supply considered by the relevant Subcommittee
Source of data	Reports considered, minutes of relevant Subcommittee
Method of calculation / assessment	Actual number of reports considered per annum
Means of verification	Submissions to PPS, minutes of PPS
Assumptions	Reports compiled
Disaggregation of beneficiaries (where applicable)	Not applicable
Spatial transformation (where applicable)	Not applicable
Calculation Type	Cumulative
Reporting cycle	Bi-annual
Desired performance	Two reports on the inland security of supply considered bi-annually by the PPS by 30 September and 31 March

Indicator title	**5. Number of reports on the inland security of supply considered by relevant subcommittee or the Energy Regulator within the stated timeframe**
Indicator Responsibility	EM (PPR) and HOD (PLC)

1.1.3.3. Compliance monitoring and enforcement

Indicator title	**1. Number of reports on trends regarding utilisation of storage facilities and third-party access, considered by the relevant committee or the Energy Regulator within the stated timeframe**	**2. Number of reports on the implementation of the methodology to determine uncommitted capacity considered by the relevant committee or the Energy Regulator within the stated timeframe**
Definition	This is the number of reports on trends regarding the utilisation of storage facilities and 3rd party access, considered by the relevant Subcommittee, aimed at promoting competition in the industry	This is the number of reports on the analysis of the implementation of the methodology to determine uncommitted capacity, considered by the relevant Subcommittee, aimed at promoting 3rd party access
Source of data	Analysis reports	Analysis of the implementation of the methodology to determine uncommitted capacity
Method of calculation / assessment	Actual number of reports considered per annum	Actual number of reports considered per annum
Means of verification	Submissions to PPS; Minutes of PPS	Submissions to PPS; Minutes of PPS
Assumptions	Analysis of trends completed	Analysis of completed
Disaggregation of beneficiaries (where applicable)	Not applicable	Not applicable
Spatial transformation (where applicable)	Not applicable	Not applicable
Calculation Type	Cumulative	Cumulative
Reporting cycle	Bi-annual	Annual
Desired performance	Two reports on trends regarding utilisation of storage facilities and third-party access considered bi-annually by the PPS by the 30 September and 31 March	One report on the implementation of the methodology to determine uncommitted capacity considered annually by the PPS by 31 March
Indicator Responsibility	EM (PPR) and HOD (PLC)	EM (PPR) and HOD (PLC)

Indicator title	**3. Number of reports on the construction of new facilities considered by the relevant committee or the Energy Regulator within the stated timeframe**	**4. Number of reports on licensees' compliance with statutory reporting requirements considered by the relevant committee or the Energy Regulator within the stated timeframe**
Definition	This is the number of reports detailing the compliance of construction licences to licence conditions is developed and considered by the relevant Subcommittee on a bi-annual basis	This is a report on the compliance of the licensees on all the statutory reporting requirements considered by the relevant Subcommittee on a bi-annual basis
Source of data	Database of identified construction of new facilities	Database on licensees' compliance with statutory reporting requirements
Method of calculation / assessment	Actual number of reports considered per annum	Actual number of reports considered per annum
Means of verification	Submissions to PPS; Minutes of PPS	Submissions to PPS; Minutes of PPS
Assumptions	Analysis of construction of new facilities completed	Analysis of licensees' compliance with statutory reporting requirements completed

Disaggregation of beneficiaries (where applicable)	Not applicable	Not applicable
Spatial transformation (where applicable)	Not applicable	Not applicable
Calculation Type	Cumulative	Cumulative
Reporting cycle	Bi-annual	Bi-annual
Desired performance	Four reports on the construction of new facilities considered bi-annually by the PPS	Four reports on licensees' compliance with statutory reporting requirements considered bi-annually by the PPS
Indicator Responsibility	EM (PPR) and HOD (PLC)	EM (PPR) and HOD (PLC)

1.1.3.4. Dispute resolution, including mediation, arbitration and handling of complaints

Indicator title	**1. % of complaints investigated and report considered by the relevant committee or the Energy Regulator within the stated timeframe of receipt of complete information form relevant parties**
Definition	This is the percentage of the complaints investigated and considered by the relevant subcommittee within 60 days of receipt of complete information form relevant parties
Source of data	Records of complaints received
Method of calculation / assessment	(number of finalised complaints within 60 days of receipt) / (number of received complaints) * 100
Means of verification	Submissions for PPS; Minutes of PPS
Assumptions	Complete information received from relevant parties, Investigations completed as planned
Disaggregation of beneficiaries (where applicable)	Not applicable
Spatial transformation (where applicable)	Not applicable
Calculation Type	Non-cumulative
Reporting cycle	Annually
Desired performance	100% of complaints investigated and report considered by the PPS within 6 months of receipt of complete information from relevant parties
Indicator Responsibility	EM (PPR) and HOD (PLC)

1.1.3.5. Setting of rules, guidelines and codes for the regulation of the petroleum pipelines industry

Indicator title	**1. Number of reports on the monitoring of the implementation of the tariff methodology considered by the relevant committee or the Energy Regulator within the stated timeframe**	**2. Reviewed pipelines tariff methodology considered by the relevant subcommittee or the Energy Regulator within the stated timeframe**
Definition	This is the number of reports the monitoring of the implementation of the tariff methodology considered by the relevant committee annually	This is the Energy Regulator decisions on the reviewed pipelines tariff methodology considered by the relevant subcommittee or the Energy Regulator within the stated timeframe
Source of data	Analysis of the implementation of the tariff methodology by licensees	Methodology; review reports

Method of calculation / assessment	Actual number of reports considered per annum	Reviewed pipelines tariff methodology considered by the relevant subcommittee or the Energy Regulator within the stated timeframe
Means of verification	Submissions to PPS; Minutes of PPS	Submissions to PPS/ER; Minutes of PPS/ER
Assumptions	Analysis completed	Review of pipelines tariff methodology completed as planned
Disaggregation of beneficiaries (where applicable)	Not applicable	Not applicable
Spatial transformation (where applicable)	Not applicable	Not applicable
Calculation Type	Cumulative	Non-cumulative
Reporting cycle	Annual	Annual
Desired performance	One report on the monitoring of the implementation of the revised methodology considered annually by the ER by 31 March	Reviewed pipelines tariff methodology considered by the PPS or ER by 31 March 2024
Indicator Responsibility	EM (PPR) and HOD (PPT)	EM (PPR) and HOD (PLC)

1.2. PROGRAMME 2: ADVOCACY AND ENGAGEMENT

1.2.1. Subprogramme: Regulatory and Policy Advocacy

Indicator title	1. Number of reports on regulatory advocacy for the piped-gas and petroleum pipelines regulated industries considered by the relevant subcommittee or the Energy Regulator within stated timeframe	2. Percentage variance of planned versus actual annual ESI Advocacy and Stakeholder Engagement Plan
Definition	This is the number of reports on regulatory advocacy engagements with decision-makers, aimed at improvement of the regulatory framework provided through legislation, regulation and government policies – one each for the piped-gas and petroleum pipelines regulated industries	This the percentage variance between the actual regulatory advocacy and stakeholder engagements and the planned regulatory advocacy and stakeholder engagements in line with the annual ESI Advocacy and Stakeholder Engagement Plan.
Source of data	Reports on each engagement indicating the reason for and outcome of the engagement	ESI Advocacy and Stakeholder Engagement Plan; reports on advocacy and stakeholder engagements conducted
Method of calculation / assessment	Actual number of reports considered per annum	(number of actual regulatory advocacy and stakeholder engagements)/ planned number of regulatory advocacy and stakeholder engagements in line with the annual ESI Advocacy and Stakeholder Engagement Plan) * 100
Means of verification	Submissions to PPS and PGS; Minutes of PPS and PGS	Minutes of ELS meetings
Assumptions	Reports on each engagement compiled	ESI ine with the annual ESI Advocacy and Stakeholder Engagement Planimplemented as planned
Disaggregation of beneficiaries (where applicable)	Not applicable	Not applicable
Spatial transformation (where applicable)	Not applicable	Not applicable
Calculation Type	Cumulative	Cumulative
Reporting cycle	Annual	Quarterly
Desired performance	2 reports considered annually by the PGS (1) and PPS (1) by 31 March	65% of planned regulatory advocacy and stakeholders engagements conducted
Indicator Responsibility	EM (GAR): EM (PPR)	EM (ELR) and HOD (ELC)

1.2.2. Subprogramme: Customer and Stakeholder Engagement

Indicator title	1. Number of reports on stakeholder workshops / meetings for the piped-gas and petroleum pipelines regulated industries considered by the relevant subcommittee or the Energy Regulator within the stated timeframe	2. Percentage variance of planned versus actual annual ESI Advocacy and Stakeholder Engagement Plan
Definition	This is the number of reports on stakeholder workshops / meetings and engagements within the three regulated industries – one each for the piped-gas and petroleum pipelines regulated industries considered by the relevant subcommittee or the Energy Regulator within the stated timeframe	This the percentage variance between the actual regulatory advocacy and stakeholder engagements and the planned regulatory advocacy and stakeholder engagements in line with the annual ESI Advocacy and Stakeholder Engagement Plan.
Source of data	Reports on each engagement indicating the reason for and outcome of the engagement	ESI Advocacy and Stakeholder Engagement Plan; reports on advocacy and stakeholder engagements conducted

Method of calculation / assessment	Actual number of reports considered per annum	(number of actual regulatory advocacy and stakeholder engagements)/ planned number of regulatory advocacy and stakeholder engagements in line with the annual ESI Advocacy and Stakeholder Engagement Plan) * 100
Means of verification	Submissions to PPS, PGS; Minutes of PPS, PGS	Minutes of ELS meetings
Assumptions	Reports on each engagement compiled	ESI ine with the annual ESI Advocacy and Stakeholder Engagement Planimplemented as planned
Disaggregation of beneficiaries (where applicable)	Not applicable	Not applicable
Spatial transformation (where applicable)	Not applicable	Not applicable
Calculation Type	Cumulative	Cumulative
Reporting cycle	Annual	Quarterly
Desired performance	2 report considered by the PGS (1) and PPR (1) by 31 March	65% of planned regulatory advocacy and stakeholders engagements conducted
Indicator Responsibility	EM (GAR): EM (PPR)	EM (ELR) and HOD (ELC)

Indicator title	**3. Number of ESI customer education programmes undertaken by 31 March**	**4. Number of consolidated reports on the ESI customer education programmes undertaken considered annually by the relevant committee or the Energy Regulator within the stated timeframe**
Definition	This is the number of ESI customer education programmes conducted where NERSA engages its stakeholders in a number of ways, including education programmes	This is the number of consolidated reports on the ESI customer education programmes undertaken annual – indicating the geographic spread of where the programmes were conducted, the number of attendees and key issues raised at the sessions
Source of data	Annual plan for ESI customer education programmes	Reports of each programme conducted
Method of calculation / assessment	Actual number of ESI customer education programmes held per annum	Actual number of reports considered per annum
Means of verification	Submissions to ELS; minutes of ELS	Submissions to ELS; minutes of ELS
Assumptions	Programmes conducted as planned in the Annual plan for ESI customer education programmes	Individual reports are completed for each programme conducted
Disaggregation of beneficiaries (where applicable)	Not applicable	Not applicable
Spatial transformation (where applicable)	Not applicable	Not applicable
Calculation Type	Cumulative	Cumulative
Reporting cycle	Quarterly	Annually
Desired performance	Seventy five ESI customer education programmes undertaken annually by 31 March	One consolidated report on the ESI customer education programmes undertaken considered annually by the ELS/REC by 31 March
Indicator Responsibility	EM (ELR) and HOD ELC	EM (ELR) and HOD (ELC)

Indicator title	5. Number of reports on partnership creation considered by the relevant committee or the Energy Regulator within the stated timeframe	6. Number of reports on the implementation of the stakeholder management plan considered by the relevant subcommittee or the Energy Regulator within the stated timeframe
Definition	This is the number of reports on partnership creation, which include engagements with other regulators; participation in regulatory associations, events and conferences; and partnerships with other institutions for capacity building purposes – aimed at positioning NERSA as a recognised regulator nationally, regionally and internationally, considered by the relevant subcommittee	This is the number of reports on the implementation of the stakeholder management plan
Source of data	Reports on an overview of international engagements and partnerships activities	Reports on implemented actions
Method of calculation / assessment	Actual number of reports considered per annum	Actual number of reports considered per annum
Means of verification	Submissions to REC; Minutes of REC	Submissions to REC; minutes of REC
Assumptions	Analysis completed	Individual reports are completed for each action completed
Disaggregation of beneficiaries (where applicable)	Not applicable	Not applicable
Spatial transformation (where applicable)	Not applicable	Not applicable
Calculation Type	Cumulative	Cumulative
Reporting cycle	Bi-annual	Annually
Desired performance	Two reports on partnership creation to position NERSA as a recognised regulator nationally, regionally and internationally considered bi-annually by the REC by 30 September and 31 March	One report on the implementation of the stakeholder management plan considered annually by the REC by 31 March
Indicator Responsibility	EM (COS) and HOD (ICP)	EM (COS) and HOD (CSM)

1.3. PROGRAMME 3: INNOVATION

1.3.1. Subprogramme: Integrated and Value-Added Services

Indicator title	**1. Number of reports on the implementation of the approved ICT Strategy considered by the relevant committee or the Energy Regulator within the stated timeframe**
Definition	This is the number of reports that is compiled to indicate how the implementation of the ICT strategy is progressing
Source of data	ICT Strategy; implementation reports
Method of calculation / assessment	Actual number of reports considered per annum
Means of verification	Submissions to REC; Minutes of REC
Assumptions	Progress reports are compiled
Disaggregation of beneficiaries (where applicable)	Not applicable
Spatial transformation (where applicable)	Not applicable
Calculation Type	Cumulative
Reporting cycle	Bi-annually
Desired performance	2 considered bi-annually by the ITGC by 31 March
Indicator Responsibility	CIO

1.4. PROGRAMME 4: OPERATIONAL EFFICIENCY AND QUALITY MANAGEMENT

Indicator title	1. Number of progress report on the implementation of the Regulatory Reporting Manuals regarding the Standard Chart of Accounts (SCOA) for the municipalities considered by the relevant committee or the Energy Regulator within the stated timeframe	2. Number of reports on the impact of global, regional and local energy trends on NERSA's business considered by the relevant committee or the Energy Regulator within the stated timeframe
Definition	This is the number of progress reports on the implementation of the Regulatory Reporting Manuals regarding the Standard Chart of Accounts (SCOA) for the municipalities considered by the relevant subcommittee	This is the number of reports on the impact of global, regional and local energy trends on NERSA's business considered by the relevant subcommittee
Source of data	Analysis of the implementation of the Regulatory Reporting Manuals regarding the Standard Chart of Accounts (SCOA) for the municipalities	International reports; research report
Method of calculation / assessment	Actual number of reports considered per annum	Actual number of reports considered per annum
Means of verification	Submissions to REC; Minutes of REC	Submissions to REC; Minutes of REC
Assumptions	Analysis completed	Analysis completed
Disaggregation of beneficiaries (where applicable)	Not applicable	Not applicable
Spatial transformation (where applicable)	Not applicable	Not applicable
Calculation Type	Cumulative	Cumulative
Reporting cycle	Annually	Annually
Desired performance	One progress report on the implementation of the Regulatory Reporting Manuals regarding the Standard Chart of Accounts (SCOA) for the municipalities considered annually by the REC by 31 March	One report on the impact of global, regional and local energy trends on NERSA's business considered annually by the REC by 30 June 2022
Indicator Responsibility	EM: ELR (HOD: EPT)	SM (RAR) and SM (SPM)

Indicator title	3. Number of reports on the implementation of the Regulatory Reporting Manuals for Non-financial and financial information, considered by the relevant committee or the Energy Regulator within the stated timeframe	4. Number of reports on legislative and policy developments impacting on the Regulator, considered quarterly by the relevant committee or the Energy Regulator within the stated timeframe
Definition	This is the number of progress reports on the implementation of the Regulatory Reporting Manuals for Non-financial and financial information, considered by the relevant subcommittee	This is the number of report on NERSA's engagements in regulatory and policy advocacy with its stakeholders considered by the relevant Subcommittee
Source of data	Analysis on the progress made with the implementation of the RRMs for financial and non-financial information	Progress Report and minutes of the relevant Subcommittee
Method of calculation / assessment	Actual number of reports considered per annum	Actual number of progress reports considered per annum
Means of verification	Submissions to REC; Minutes of REC	Submissions to REC; Minutes of REC
Assumptions	Analysis completed	Analysis completed as planned

Disaggregation of beneficiaries (where applicable)	Not applicable	Not applicable
Spatial transformation (where applicable)	Not applicable	Not applicable
Calculation Type	Cumulative	Cumulative
Reporting cycle	Bi-annually	Quarterly
Desired performance	2 reports considered bi-annually by the REC by 31 March	Four reports on legislative and policy developments impacting on the Regulator considered quarterly by the REC
Indicator Responsibility	SM (RAR)	EM (COS) and HOD (LAS)

Indicator title	**5. Unqualified audit**	**6. Reviewed NERSA Enterprise Development Plan considered by the relevant subcommittee or the Energy Regulator within the stated timeframe**
Definition	This is the outcome of NERSA's audit on an annual basis by the Auditor-General	The review of NERSA's Enterprise Development Plan, aimed at improving its B-BBEE contribution status level, considered the relevant subcommittee or the Energy Regulator within the stated timeframe
Source of data	Final Management Report from the AG	Reviewed Enterprise Development Plan
Method of calculation / assessment	Unqualified audit – yes / no	Reviewed NERSA Enterprise Development Plan considered by the relevant subcommittee or the Energy Regulator within the stated timeframe
Means of verification	Audit report	Submissions to FIC; Minutes of FIC
Assumptions	Collaboration of Management	Review completed as planned
Disaggregation of beneficiaries (where applicable)	Not applicable	Not applicable
Spatial transformation (where applicable)	Not applicable	Not applicable
Calculation Type	Non-cumulative	Non-cumulative
Reporting cycle	Annually	Annually
Desired performance	Unqualified audit	Reviewed NERSA Enterprise Development Plan considered by the ER by 31 March 2025
Indicator Responsibility	CFO and HOD (FAD)	CFO and HOD (SCM)

Indicator title	**7. Number of reports on the implementation of the gender mainstreaming plan considered by the relevant subcommittee within the stated timeframe**
Definition	This is the number of reports on the implementation of the gender mainstreaming plan
Source of data	Gender mainstreaming plan
Method of calculation / assessment	Actual number of reports considered per annum
Means of verification	Implementation reports; Minutes of REC
Assumptions	Implementation of the gender mainstreaming plan actioned as planned

Disaggregation of beneficiaries (where applicable)	The plan that will be developed by the end of 2022/23 will provide information.
Spatial transformation (where applicable)	Not applicable
Calculation Type	Cumulative
Reporting cycle	Annually
Desired performance	One reports on the implementation of gender mainstreaming initiatives considered annually by the REC by 31 March
Indicator Responsibility	EM: COS

1.5. PROGRAMME 5: PEOPLE AND ORGANISATIONAL CULTURE

Indicator title	1. Number of reports on Organisational Culture Assessment considered by the relevant committee or the Energy Regulator within the stated timeframe	2. Number of reports on the implementation of the Employment Equity Plan considered by the relevant committee or the Energy Regulator within the stated timeframe
Definition	This is the number of reports compiled stating the outcome of the annual Organisational Culture Assessment that was conducted	This is the number of progress reports on the implementation of the Employment Equity Plan considered by the relevant subcommittee
Source of data	Organisational Culture Assessment Report	Analysis of the implementation of the Employment Equity Plan
Method of calculation / assessment	Actual number of progress reports considered per annum	Actual number of progress reports considered per annum
Means of verification	Submissions to HRRC; Minutes of HRRC	Submissions to HRRC; Minutes of HRRC
Assumptions	Assessment concluded	Analysis completed
Disaggregation of beneficiaries (where applicable)	Not applicable	Not applicable
Spatial transformation (where applicable)	Not applicable	Not applicable
Calculation Type	Cumulative	Cumulative
Reporting cycle	Annually	Bi-annually
Desired performance	One report on Organisational Culture Assessment considered annually by the HRRC by 31 March	2 reports considered bi-annually by the HRRC by 31 March
Indicator Responsibility	CHCO and HOD (HR)	CHCO and HOD (HR)

Indicator title	3. % of women in management positions	4. % of people with disabilities employed
Definition	Analysis of staff complement to determine percentage of women in management positions.	Analysis of staff complement to determine percentage of people with disabilities employed.
Source of data	Staff statistical information	Staff statistical information
Method of calculation / assessment	(number of women in management positions) / (number of management positions)*100	(number of people with disabilities employed) / (number of all positions)*100
Means of verification	Submissions to HRRC; Minutes of HRRC	Submissions to HRRC; Minutes of HRRC
Assumptions	Analysis completed	Analysis completed
Disaggregation of beneficiaries (where applicable)	Not applicable	Not applicable
Spatial transformation (where applicable)	Not applicable	Not applicable
Calculation Type	Non-cumulative	Non-cumulative
Reporting cycle	Annually	Annually
Desired performance	50% of women in management positions	2% of people with disabilities employed
Indicator Responsibility	CHCO and HOD (HR)	CHCO and HOD (HR)

Indicator title	5. Number of progress reports on the implementation of the Youth Employment Accord considered by the relevant committee or the Energy Regulator within the stated timeframe	6. Number of reports on the implementation of the bursary programme for qualifying external applicants considered by the relevant committee or the Energy Regulator within the stated timeframe
Definition	This is a report on that status of the percentage of people with disabilities employed	This is a report on monitoring the implementation of the bursary programme for qualifying external applicants
Source of data	Report on that status of the percentage of people with disabilities employed	Approved bursary programme
Method of calculation / assessment	Actual number of progress reports considered per annum	Actual number of progress reports considered per annum
Means of verification	Submissions to HRRC; Minutes of HRRC	Submissions to HRRC; Minutes of HRRC
Assumptions	Analysis completed	Analysis completed
Disaggregation of beneficiaries (where applicable)	Not applicable	Not applicable
Spatial transformation (where applicable)	Not applicable	Not applicable
Calculation Type	Cumulative	Cumulative
Reporting cycle	Quarterly	Annually
Desired performance	Four reports on the implementation of the Youth Employment Accord considered quarterly by the HRRC	One report on the implementation of the bursary programme for qualifying external applicants considered annually by the HRRC by 31 March
Indicator Responsibility	CHCO and HOD (HR)	CHCO and HOD (HR)

Indicator title	7. Number of reports on the design of a regulatory course at an accredited institution of higher learning considered by the relevant committee or the Energy Regulator within the stated timeframe	8. Number of reports on leadership development programme considered by the relevant committee or the Energy Regulator within the stated timeframe
Definition	This is a report on monitoring the design of a regulatory course at an accredited institution of higher learning	This is a report on monitoring the implementation of the leadership development programme
Source of data	Project plan and progress reports	Approved leadership development programme
Method of calculation / assessment	Actual number of progress reports considered per annum	Actual number of reports considered per annum
Means of verification	Submissions to HRRC; Minutes of HRRC	Submissions to HRRC; Minutes of HRRC
Assumptions	Analysis completed	Collaboration of management
Disaggregation of beneficiaries (where applicable)	Not applicable	Not applicable
Spatial transformation (where applicable)	Not applicable	Not applicable
Calculation Type	Cumulative	Cumulative
Reporting cycle	Quarterly	Annually
Desired performance	Four reports on the design of a regulatory course at an accredited institution of higher learning considered by the HRRC quarterly by 31 March	One report on the leadership development programme considered by the HRRC by 31 March

Indicator Responsibility	CHCO and HOD (HR)	CHCO and HOD (HR)

Indicator title	**9. Number of reports on the development of a technical regulatory training and development programme considered by the relevant committee or the Energy Regulator within the stated timeframe**
Definition	This is a report on the progress made with the of a technical regulatory training and development programme
Source of data	Project plan and progress reports
Method of calculation / assessment	Actual number of reports considered per annum
Means of verification	Submissions to HRRC; Minutes of HRRC
Assumptions	Collaboration of management
Disaggregation of beneficiaries (where applicable)	Not applicable
Spatial transformation (where applicable)	Not applicable
Calculation Type	Cumulative
Reporting cycle	Annually
Desired performance	One report on the development of a technical regulatory training and development programme considered by the HRRC by 31 March
Indicator Responsibility	CHCO and HOD (HR)

ANNEXURES

Annexure A Consolidated Budget 2023/24

NATIONAL ENERGY REGULATOR OF SOUTH AFRICA
ANNUAL BUDGET FOR THE YEAR 2023/24

CONSOLIDATED
INCOME AND EXPENDITURE BUDGET 2023/24 AND FORECAST FOR THE PERIOD 2024/25 AND 2025/26

		A	B		C	E	1	F	H
DESCRIPTION	NOTES	BUDGET 2021/22	ACTUAL 2021/22	% Variance (A /B)	APPROVED BUDGET 2022/23	CONSOLIDATED BUDGET 2023/24	% Variance (C E)	FORECAST 2024/25	FORECAST 2025/26
TOTAL INCOME		**334 559 068**	**344 882 347**	**3.1%**	**337 019 635**	**375 809 261**	**11.5%**	**395 002 103**	**420 660 577**
License fees from Electricity Industry	1	190 915 910	199 969 007	4.7%	200 427 830	219 911 150	9.7%	237 676 877	253 391 922
Levies from Piped-Gas Industry	2	72 907 903	75 417 974	3.4%	71 971 726	76 849 794	6.8%	86 837 351	92 717 397
Levies from Petroleum Pipeline Industry	3	56 870 706	60 819 195	6.9%	58 408 397	67 344 007	15.3%	61 102 137	66 555 918
Registration fees	4	20 000	62 400	212.0%	100 000	70 000	(30.0%)	70 000	70 000
Interest received	5	13 786 164	7 880 374	(42.8%)	6 050 378	11 601 149	91.7%	9 280 919	7 888 781
Rental Income	6	58 385	48 680	(16.6%)	61 304	33 160	(45.9%)	34 818	36 559
Other Income			684 717	0.0%	-	-	0.0%	-	-
TOTAL OPERATING EXPENDITURE		**384 481 426**	**342 680 181**	**10.9%**	**396 817 219**	**438 833 926**	**10.6%**	**464 976 751**	**490 635 225**
Advertising, Promotion and Communication	**7**	**13 122 000**	**9 519 439**	**27.5%**	**11 060 000**	**11 470 000**	**3.7%**	**12 123 790**	**12 693 608**
Employment cost	**8**	**266 357 552**	**264 847 314**	**0.6%**	**284 008 113**	**320 150 820**	**12.7%**	**342 121 241**	**364 134 693**
Facilities Maintenance	**9**	**10 240 000**	**9 213 458**	**10.0%**	**10 689 104**	**11 397 655**	**6.6%**	**12 047 321**	**12 613 545**
Office Administration	**10**	**16 954 885**	**10 212 713**	**39.8%**	**20 471 918**	**20 789 644**	**1.6%**	**21 974 654**	**23 007 462**
Professional fees	**11**	**39 966 981**	**32 563 985**	**18.5%**	**48 302 953**	**46 524 554**	**(3.7%)**	**46 583 920**	**46 644 177**
Travel, Accommodation and Training	**12**	**30 752 196**	**9 665 252**	**68.6%**	**15 249 293**	**21 521 254**	**41.1%**	**22 747 965**	**23 817 119**
Other Expenses	**13**	**7 087 812**	**6 658 020**	**6.1%**	**7 035 838**	**6 980 000**	**(0.8%)**	**7 377 860**	**7 724 619**
NET SURPLUS/ (DEFICIT) before Depreciation		**(49 922 358)**	**2 202 166**	**0.0%**	**(59 797 584)**	**(63 024 665)**	**5.4%**	**(69 974 648)**	**(69 974 648)**
Depreciation		**-**	**5 452 107**	**0.0%**	**-**	**-**	**0.0%**	**-**	**-**
NET SURPLUS/ (DEFICIT) for the period		**(49 922 358)**	**(3 249 941)**	**0.0%**	**(59 797 584)**	**(63 024 665)**	**(5.4%)**	**(69 974 648)**	**(69 974 648)**
TOTAL CAPITAL EXPENDITURE	**14**	**13 999 500**	**2 087 843**	**85.1%**	**13 632 353**	**7 202 000**	**(47.2%)**	**5 500 000**	**5 500 000**
Motor vehicles	14.1	777 500	-	100.0%	1 000 000	800 000	(20.0%)	1 000 000	1 000 000
Computer software	14.2	6 222 000	170 800	97.3%	6 000 000	2 000 000	(66.7%)	1 000 000	1 000 000
Office furniture and equipment	14.3	1 500 000	270 892	81.9%	2 083 000	1 280 000	(38.6%)	1 000 000	1 000 000
Building improvements	14.4	3 500 000	-	100.0%	1 549 353	1 122 000	(27.6%)	1 000 000	1 000 000
Computer hardware	14.5	2 000 000	1 646 151	17.7%	3 000 000	2 000 000	(33.3%)	1 500 000	1 500 000
Funding Requirement (Opex excl Dep + Capex)		**398 480 926**	**344 768 024**	**(13.5%)**	**410 449 572**	**446 035 926**	**8.7%**	**470 476 751**	**496 135 225**
Cash Flow Mitigating Reserve		**62 259 273**	**60 763 746**	**2.4%**	**66 806 283**	**74 325 836**	**11.3%**	**79 301 098**	**84 258 634**

NATIONAL ENERGY REGULATOR OF SOUTH AFRICA
ANNUAL BUDGET FOR THE YEAR 2023/24

CONSOLIDATED
INCOME AND EXPENDITURE BUDGET 2023/24 AND FORECAST FOR THE PERIOD 2024/25 AND 2025/26

		A	B		C	E	1	F	H
DESCRIPTION	NOTES	BUDGET 2021/22	ACTUAL 2021/22	% Variance (A /B)	APPROVED BUDGET 2022/23	CONSOLIDATED BUDGET 2023/24	% Variance (C E)	FORECAST 2024/25	FORECAST 2025/26
TOTAL INCOME		**334 559 068**	**344 882 347**	**3.1%**	**337 019 635**	**375 809 261**	**11.5%**	**395 002 103**	**420 660 577**
License fees from Electricity Industry	1	190 915 910	199 969 007	4.7%	200 427 830	219 911 150	9.7%	237 676 877	253 391 922
Levies from Piped-Gas Industry	2	72 907 903	75 417 974	3.4%	71 971 726	76 849 794	6.8%	86 837 351	92 717 397
Levies from Petroleum Pipeline Industry	3	56 870 706	60 819 195	6.9%	58 408 397	67 344 007	15.3%	61 102 137	66 555 918
Registration fees	4	20 000	62 400	212.0%	100 000	70 000	(30.0%)	70 000	70 000
Interest received	5	13 786 164	7 880 374	(42.8%)	6 050 378	11 601 149	91.7%	9 280 919	7 888 781
Rental Income	6	58 385	48 680	(16.6%)	61 304	33 160	(45.9%)	34 818	36 559
Other Income			684 717	0.0%	-	-	0.0%	-	-
TOTAL OPERATING EXPENDITURE		**384 481 426**	**342 680 181**	**10.9%**	**396 817 219**	**438 833 926**	**10.6%**	**464 976 751**	**490 635 225**
National/International/Initiatives	7.1	120 000	-	100.0%	120 000	70 000	(41.7%)	73 990	77 468
Publications and Communications		3 075 000	1 773 263	42.3%	2 560 000	2 635 000	2.9%	2 785 195	2 916 099
Sponsorships		100 000	73 413	26.6%	100 000	100 000	0.0%	105 700	110 668
Advertising		6 867 000	7 069 995	(3.0%)	6 605 000	6 765 000	2.4%	7 150 605	7 486 683
Stakeholder Meetings		690 000	-	100.0%	690 000	890 000	29.0%	940 730	984 944
Tribunals and Hearings	7.2	2 270 000	602 768	73.4%	985 000	1 010 000	2.5%	1 067 570	1 117 746
Advertising, Promotion and Communication	**7**	**13 122 000**	**9 519 439**	**27.5%**	**11 060 000**	**11 470 000**	**3.7%**	**12 123 790**	**12 693 608**
Gross Salaries	8.1	210 491 823	212 731 485	(1.1%)	229 812 514	256 636 488	11.7%	274 601 042	292 999 312
Learnership Allowance		1 557 770	1 582 935	(1.6%)	1 639 241	1 638 636	(0.0%)	1 753 341	1 870 814
Internship Allowance		1 557 770	1 518 707	2.5%	1 639 241	1 638 636	(0.0%)	1 753 341	1 870 814
Leave Pay: Staff		1 926 984	568 955	70.5%	811 277	811 277	0.0%	868 066	926 227
Leave pay: Regulator Members		459 725	(254 796)	155.4%	140 087	140 087	0.0%	149 893	159 936
Performance Bonus: FTRM		1 233 903	(16 142)	101.3%	1 255 180	1 343 883	7.1%	1 423 172	1 444 520
Performance Bonus: Staff	8.2	38 940 989	34 046 377	12.6%	36 769 997	41 061 838	11.7%	43 936 167	46 879 890
Cellphone and data allowance Staff	8.3	-	4 114 943	0.0%	-	4 320 840	100.0%	4 320 840	4 320 840
Cellphone and data allowance FTRM	8.4	-	189 745	0.0%	-	247 200	100.0%	247 200	247 200
Remuneration: FTRM		8 813 588	8 454 553	4.1%	8 965 576	9 599 166	7.1%	10 165 517	10 318 000
Publication Incentives		75 000	45 000	40.0%	75 000	75 000	0.0%	80 250	85 627
Salaries Temporary Staff		1 300 000	1 865 552	(43.5%)	2 900 000	2 637 768	(9.0%)	2 822 412	3 011 513
Employment cost	**8**	**266 357 552**	**264 847 314**	**0.6%**	**284 008 113**	**320 150 820**	**12.7%**	**342 121 241**	**364 134 693**
Maintenance		1 150 000	558 211	51.5%	5 978 655	6 294 926	5.3%	6 653 737	6 966 463
Motor Vehicle Expenses		240 000	348 736	(45.3%)	180 000	180 000	0.0%	190 260	199 202
Facility Management Operating expenses		5 600 000	5 330 195	0.0%	971 345	1 022 729	5.3%	1 081 024	1 131 833
Municipal Charges		2 500 000	2 114 353	15.4%	2 500 000	2 500 000	0.0%	2 642 500	2 766 698
Insurance	9.1	750 000	861 964	(14.9%)	1 059 104	1 400 000	32.2%	1 479 800	1 549 351
Facilities Maintenance	**9**	**10 240 000**	**9 213 458**	**10.0%**	**10 689 104**	**11 397 655**	**6.6%**	**12 047 321**	**12 613 545**
Office operational expenses-Lease Payments		912 168	912 168	(0.0%)	1 003 385	1 053 554	5.0%	1 113 607	1 165 946
Postage & Courier Services	10.1	81 000	46 570	42.5%	32 401	55 500	71.3%	58 664	61 421
Personal Protective Equipment		175 000	237 796	(35.9%)	175 000	277 500	0.0%	293 318	307 103
Information Technology Operations		5 519 456	1 154 891	79.1%	8 250 000	8 058 000	(2.3%)	8 517 306	8 917 619
Software License Fees		6 218 006	5 834 454	6.2%	7 675 245	7 989 597	4.1%	8 445 004	8 841 919
Stationery and Printing		1 360 000	199 769	85.3%	762 250	768 250	0.8%	812 040	850 206
Organizational Membership Subscriptions		1 677 747	1 228 150	26.8%	1 659 244	1 674 244	0.9%	1 769 676	1 852 851
Professional Membership Subscriptions		134 100	117 381	12.5%	146 985	143 090	(2.6%)	151 247	158 355
Telephone and fax		877 408	481 535	45.1%	767 408	769 908	0.3%	813 793	852 041
Office Administration	**10**	**16 954 885**	**10 212 713**	**39.8%**	**20 471 918**	**20 789 644**	**1.6%**	**21 974 654**	**23 007 462**
Consultants' Fees	11.1	16 560 000	8 200 221	50.5%	22 183 138	18 557 414	(16.3%)	18 557 414	18 557 414
External Auditors	11.2	2 912 971	3 099 446	(6.4%)	2 520 308	3 209 390	27.3%	3 209 390	3 209 390
Remuneration - PTRM and External Members	11.3	2 494 010	1 934 639	22.4%	2 599 507	3 957 749	52.3%	4 017 116	4 077 372
Recruitment costs		800 000	339 907	57.5%	800 000	600 000	(25.0%)	600 000	600 000
Legal fees		15 000 000	16 830 882	(12.2%)	18 000 000	18 000 000	0.0%	18 000 000	18 000 000
Co-sourced internal audit function		2 200 000	2 158 890	1.9%	2 200 000	2 200 000	0.0%	2 200 000	2 200 000
Professional fees	**11**	**39 966 981**	**32 563 985**	**18.5%**	**48 302 953**	**46 524 554**	**(3.7%)**	**46 583 920**	**46 644 177**
Learnership programme		1 200 000	1 192 120	0.7%	1 250 760	1 250 760	0.0%	1 322 053	1 384 190
Study fees		1 570 000	850 007	45.9%	1 392 000	1 307 000	(6.1%)	1 381 499	1 446 429
External Bursaries		525 000	315 551	39.9%	525 000	551 000	5.0%	582 407	609 780
Training WEGE	12.1	-	-	0.0%	-	250 000	100.0%	264 250	276 670
Train. & Dev. Full Time Regulator Members	12.2	539 236	111 191	79.4%	134 484	400 000	197.4%	422 800	442 672
Train. & Dev. Part Time Regulator Members	12.3	157 519	-	100.0%	157 519	500 000	217.4%	528 500	553 340
Train.& Dev. Staff	12.4	7 367 208	2 286 599	69.0%	3 447 190	3 447 190	0.0%	3 643 680	3 814 933
Travel Costs Regulator Members	12.5	3 708 566	87 794	97.6%	500 000	1 800 000	260.0%	1 902 600	1 992 022
Travel Costs Staff	12.6	15 684 667	4 821 989	69.3%	7 842 340	12 015 304	53.2%	12 700 176	13 297 084
Travel, Accommodation and Training	**12**	**30 752 196**	**9 665 252**	**68.6%**	**15 249 293**	**21 521 254**	**41.1%**	**22 747 965**	**23 817 119**
Bank charges and Forex		92 812	66 564	28.3%	65 000	65 000	0.0%	68 705	71 934
Catering	13.1	1 845 000	164 150	91.1%	200 000	315 000	57.5%	332 955	348 604
Employees Wellness		800 000	420 612	47.4%	800 000	800 000	0.0%	845 600	885 343
Health and Safety	13.2	1 350 000	720 534	46.6%	900 000	800 000	(11.1%)	845 600	885 343
Knowledge Centre		3 000 000	3 578 504	(19.3%)	5 070 838	5 000 000	(1.4%)	5 285 000	5 533 395
Debt impairment		-	50 564		-	-	0.0%	-	-
Loss on disposal of assets		-	1 657 092		-	-	0.0%	-	-
Other Expenses	**13**	**7 087 812**	**6 658 020**	**6.1%**	**7 035 838**	**6 980 000**	**(0.8%)**	**7 377 860**	**7 724 619**
NET SURPLUS/ (DEFICIT) before Depreciation		**(49 922 358)**	**2 202 166**	**0.0%**	**(59 797 584)**	**(63 024 665)**	**5.4%**	**(69 974 648)**	**(69 974 648)**
Depreciation Building			1 964 655	0.0%	-	-	0.0%	-	-
Depreciation Hardware			1 716 785	0.0%	-	-	0.0%	-	-
Depreciation Motor Vehicles			65 011	0.0%	-	-	0.0%	-	-
Depreciation Office Equipment			1 324 173	0.0%	-	-	0.0%	-	-
Depreciation Software			381 483	0.0%	-	-	0.0%	-	-
Depreciation		**-**	**5 452 107**	**0.0%**	**-**	**-**	**0.0%**	**-**	**-**
NET SURPLUS/ (DEFICIT) for the period		**(49 922 358)**	**(3 249 941)**	**0.0%**	**(59 797 584)**	**(63 024 665)**	**(5.4%)**	**(69 974 648)**	**(69 974 648)**
TOTAL CAPITAL EXPENDITURE	**14**	**13 999 500**	**2 087 843**	**85.1%**	**13 632 353**	**7 202 000**	**(47.2%)**	**5 500 000**	**5 500 000**
Motor vehicles	14.1	777 500	-	100.0%	1 000 000	800 000	(20.0%)	1 000 000	1 000 000
Computer software	14.2	6 222 000	170 800	97.3%	6 000 000	2 000 000	(66.7%)	1 000 000	1 000 000
Office furniture and equipment	14.3	1 500 000	270 892	81.9%	2 083 000	1 280 000	(38.6%)	1 000 000	1 000 000
Building improvements	14.4	3 500 000	-	100.0%	1 549 353	1 122 000	(27.6%)	1 000 000	1 000 000
Computer hardware	14.5	2 000 000	1 646 151	17.7%	3 000 000	2 000 000	(33.3%)	1 500 000	1 500 000
Funding Requirement (Opex excl Dep + Capex)		**398 480 926**	**344 768 024**	**(13.5%)**	**410 449 572**	**446 035 926**	**8.7%**	**470 476 751**	**496 135 225**
Cash Flow Mitigating Reserve		**62 259 273**	**60 763 746**	**2.4%**	**66 806 283**	**74 325 836**	**11.3%**	**79 301 098**	**84 258 634**

NATIONAL ENERGY REGULATOR OF SOUTH AFRICA

ANNUAL BUDGET FOR THE YEAR 2023/2024

ELECTRICITY REGULATION
INCOME AND EXPENDITURE BUDGET FOR 2023/24

	A	B		C	1	D	2
DESCRIPTION	ELECTRICITY REGULATION BUDGET	ELECTRICITY REGULATION ACTUAL	% Variance (A /B)	ELECTRICITY REGULATION APPROVED BUDGET	% Variance (A /C)	ELECTRICITY REGULATION PROPOSED BUDGET	% Variance (E / C)
	2021/22	2021/22		2022/23		2023/24	
TOTAL INCOME	**198 965 747**	**205 027 385**	**3.0%**	**204 072 606**	**2.6%**	**226 729 049**	**11.1%**
License fees for Electricity Industry	190 915 910	199 969 007	4.7%	200 427 830	5.0%	219 911 150	9.7%
Registration fee	20 000	62 400		100 000	400.0%	70 000	(30.0%)
Interest received	7 995 974	4 571 076	(42.8%)	3 509 219	(56.1%)	6 728 666	91.7%
Rental Income	33 863	28 234	(16.6%)	35 556	5.0%	19 233	(45.9%)
Other Income	-	396 667		-	0.0%		-
TOTAL OPERATING EXPENDITURE	**101 004 330**	**92 259 427**	**8.7%**	**103 378 755**	**2.4%**	**116 002 384**	**12.2%**
National/International/Initiatives	-	-	0.0%	-	0.0%	-	0.0%
Publications and Communications	75 000	-	100.0%	40 000	(46.7%)	-	(100.0%)
Sponsorships	-	-	0.0%	-	0.0%	-	0.0%
Advertising	2 200 000	2 545 070	(15.7%)	2 300 000	4.5%	2 600 000	13.0%
Stakeholder Meetings	490 000	-	100.0%	490 000	0.0%	490 000	0.0%
Tribunals and Hearings	2 080 000	-	100.0%	780 000	(62.5%)	780 000	0.0%
Advertising, Promotion and Communication	**4 845 000**	**2 545 070**	**47.5%**	**3 610 000**	**(25.5%)**	**3 870 000**	**7.2%**
Gross Salaries	68 024 261	70 433 793	(3.5%)	74 788 189	9.9%	83 346 247	11.4%
Learnership Allowance	-	-	0.0%	-	0.0%	-	0.0%
Internship Allowance	-	-	0.0%	-	0.0%	-	0.0%
Leave Pay: Staff	525 966	(483 638)	192.0%	-	(100.0%)	-	0.0%
Leave pay: Regulator Members	-	-	0.0%	-	0.0%	-	0.0%
Performance Bonus: FTRM	-	-	0.0%	-	0.0%	-	0.0%
Performance Bonus: Staff	12 584 488	12 560 991	0.2%	11 966 109	(4.9%)	13 335 400	11.4%
Cellphone and data allowance Staff		1 393 194	0.0%	-	0.0%	1 455 420	0.0%
Cellphone and data allowance FTRM	-	-	0.0%	-	0.0%	-	0.0%
Remuneration: FTRM	-	-	0.0%	-	0.0%	-	0.0%
Publication Incentives	-	45 000	0.0%	-	0.0%	-	0.0%
Salaries Temporary Staff	-	-	0.0%	-	0.0%	-	0.0%
Employment cost	**81 134 715**	**83 949 341**	**(3.5%)**	**86 754 298**	**6.9%**	**98 137 066**	**13.1%**
Maintenance	-	-	0.0%	-	0.0%	-	0.0%
Motor Vehicle Expenses	-	-	0.0%	-	0.0%	-	0.0%
Facility Management Operating expenses	-	-	0.0%	-	0.0%	-	0.0%
Municipal Charges	-	-	0.0%	-	0.0%	-	0.0%
Insurance	-	-	0.0%	-	0.0%	-	0.0%
Facilities Maintenance	**-**	**-**	**0.0%**	**-**	**0.0%**	**-**	**0.0%**
PPE Tools	75 000	223 220	(197.6%)	75 000	0.0%	75 000	0.0%
Office operational expenses-Lease Payments	-	-	0.0%	-	0.0%	-	0.0%
Postage & Courier Services	10 000	17 335	(73.3%)	12 500	25.0%	20 500	64.0%
Information Technology Operations	-	-	0.0%	-	0.0%	-	0.0%
Software License Fees	800 000	-	100.0%	1 200 000	50.0%	1 200 000	0.0%
Stationery and Printing	44 500	886	98.0%	35 000	(21.3%)	32 500	(7.1%)
Organizational Membership Subscriptions	-	-	0.0%	-	0.0%	-	0.0%
Professional Membership Subscriptions	25 000	19 650	21.4%	18 000	(28.0%)	23 000	27.8%
Telephone and fax	-	-	0.0%	-	0.0%	-	0.0%
Office Administration	**954 500**	**261 090**	**72.6%**	**1 340 500**	**40.4%**	**1 351 000**	**0.8%**
Consultants' Fees	4 000 000	1 646 681	58.8%	6 600 000	65.0%	5 500 000	(16.7%)
External Auditors	-	-	0.0%	-	0.0%	-	0.0%
Remuneration - PTRM and External Members	-	-	0.0%	-	0.0%	-	0.0%
Recruitment	-	-	0.0%	-	0.0%	-	0.0%
Legal fees	-	-	0.0%	-	0.0%	-	0.0%
Internal Audit	-	-	0.0%	-	0.0%	-	0.0%
Professional fees	**4 000 000**	**1 646 681**	**58.8%**	**6 600 000**	**65.0%**	**5 500 000**	**(16.7%)**
Learnership programme	-	-	0.0%	-	0.0%	-	0.0%
Study fees	125 000	52 900	57.7%	265 000	112.0%	185 000	(30.2%)
External Bursaries	-	-	0.0%	-	0.0%	-	0.0%
Training WEGE	-	-	0.0%	-	0.0%	-	0.0%
Train. & Dev. Full Time Regulator Members	-	-	0.0%	-	0.0%	-	0.0%
Train. & Dev. Part Time Regulator Members	-	-	0.0%	-	0.0%	-	0.0%
Train.& Dev. Staff	2 380 849	366 788.03	84.6%	1 121 823	(52.9%)	1 121 823	0.0%
Travel Costs Regulator Members	-	-	0.0%	-	0.0%	-	0.0%
Travel Costs Staff	7 214 266	3 324 516	53.9%	3 607 134	(50.0%)	5 662 495	57.0%
Travel, Accommodation and Training	**9 720 115**	**3 744 204**	**61.5%**	**4 993 957**	**(48.6%)**	**6 969 318**	**39.6%**
Bank Charges	-	-	0.0%	-	0.0%	-	0.0%
Catering & Entertain	350 000	113 040	67.7%	80 000	(77.1%)	175 000	118.8%
Employees Wellness	-	-	0.0%	-	0.0%	-	0.0%
Health and Safety	-	-	0.0%	-	0.0%	-	0.0%
Loss on Disposal of assets	-	-	0.0%	-	0.0%	-	0.0%
Knowledge Centre	-	-	0.0%	-	0.0%	-	0.0%
Other Expenses	**350 000**	**113 040**	**67.7%**	**80 000**	**(77.1%)**	**175 000**	**118.8%**
NET SURPLUS/ (DEFICIT) before Depreciation	**97 961 417**	**112 767 958**	**(15.1%)**	**100 693 851**	**2.8%**	**110 726 665**	**10.0%**
Support Service	**123 465 161**	**112 393 487**	**9.0%**	**128 488 872**	**4.1%**	**138 977 934**	**8.2%**
Depreciation		**3 162 234**	**0.0%**	**-**	**0.0%**	**-**	**-**
NET SURPLUS/ (DEFICIT) for the period	**(25 503 744)**	**(2 787 763)**	**89.1%**	**(27 795 021)**	**0.0%**	**(28 251 268)**	**1.6%**
TOTAL CAPITAL EXPENDITURE	**8 119 710**	**1 210 949**	**85.1%**	**7 906 765**	**(2.6%)**	**4 177 160**	**(47.2%)**
Motor vehicles	450 950	-	100.0%	580 000	28.6%	464 000	(20.0%)
Computer software	3 608 760	99 064	97.3%	3 480 000	(3.6%)	1 160 000	(66.7%)
Office furniture and equipment	870 000	157 117	81.9%	1 208 140	38.9%	742 400	(38.6%)
Building improvements	2 030 000	-	100.0%	898 625	(55.7%)	650 760	(27.6%)
Computer hardware	1 160 000	954 767	17.7%	1 740 000	50.0%	1 160 000	(33.3%)

NATIONAL ENERGY REGULATOR OF SOUTH AFRICA

ANNUAL BUDGET FOR THE YEAR 2023/2024

PIPE GAS REGULATION
INCOME AND EXPENDITURE BUDGET FOR 2023/24

	A	B		C	1	D	2
DESCRIPTION	PIPED GAS REGULATION BUDGET 2021/22	PIPED GAS REGULATION ACTUAL 2021/22	% Variance (A /B)	PIPED GAS REGULATION APPROVED BUDGET 2022/23	% Variance (A /C)	PIPED GAS REGULATION PROPOSED BUDGET 2023/24	% Variance (E / C)
TOTAL INCOME	**75 815 259**	**77 226 871**	**1.9%**	**73 255 179**	**(3.4%)**	**79 292 999**	**8.2%**
Levies from Piped-Gas Industry	72 907 903	75 417 974	3.4%	71 971 726	(1.3%)	76 849 794	6.8%
Interest received	2 895 095	1 654 649	(42.8%)	1 270 579	(56.1%)	2 436 241	91.7%
Rental Income	12 261	10 223	(16.6%)	12 874	5.0%	6 964	(45.9%)
Other Income	-	144 025	0.0%	-	0.0%		0.0%
TOTAL OPERATING EXPENDITURE	**38 389 296**	**35 345 559**	**7.9%**	**38 916 083**	**1.4%**	**45 252 389**	**16.3%**
National/International/Initiatives	-	-	0.0%	-	0.0%	-	0.0%
Publications and Communications	-	-	0.0%	-	0.0%	-	0.0%
Sponsorships	-	-	0.0%	-	0.0%	-	0.0%
Advertising	2 050 000	1 688 739	17.6%	1 950 000	(4.9%)	1 950 000	0.0%
Stakeholder Meetings	-	-	0.0%	-	0.0%	-	0.0%
Tribunals and Hearings	100 000	-	100.0%	100 000	0.0%	100 000	0.0%
Advertising, Promotion and Communication	**2 150 000**	**1 688 739**	**21.5%**	**2 050 000**	**(4.7%)**	**2 050 000**	**0.0%**
Gross Salaries	27 435 906	27 421 367	0.1%	29 392 991	7.1%	32 685 377	11.2%
Learnership Allowance	-	-	0.0%	-	0.0%	-	0.0%
Internship Allowance	-	-	0.0%	-	0.0%	-	0.0%
Leave Pay: Staff	321 358	87 479	72.8%	-	(100.0%)	-	0.0%
Leave pay: Regulator Members	-	-	0.0%	-	0.0%	-	0.0%
Performance Bonus: FTRM	-	-	0.0%	-	0.0%	-	0.0%
Performance Bonus: Staff	5 075 643	4 410 905	13.1%	4 702 878	(7.3%)	5 229 660	11.2%
Cellphone and data allowance Staff		437 862	0.0%	-	0.0%	480 720	0.0%
Cellphone and data allowance FTRM	-	-	0.0%	-	0.0%	-	0.0%
Remuneration: FTRM	-	-	0.0%	-	0.0%	-	0.0%
Publication Incentives	-	-	0.0%	-	0.0%	-	0.0%
Salaries Temporary Staff	-	-	0.0%	-	0.0%	1 337 768	100.0%
Employment cost	**32 832 907**	**32 357 613**	**1.4%**	**34 095 869**	**3.8%**	**39 733 526**	**16.5%**
Maintenance	-	-	0.0%	-	0.0%	-	0.0%
Motor Vehicle Expenses	-	-	0.0%	-	0.0%	-	0.0%
Facility Management Operating expenses	-	-	0.0%	-	0.0%	-	0.0%
Municipal Charges	-	-	0.0%	-	0.0%	-	0.0%
Insurance	-	-	0.0%	-	0.0%	-	0.0%
Facilities Maintenance	**-**	**-**	**0.0%**	**-**	**0.0%**	**-**	**0.0%**
PPE Tools	50 000	14 576	70.8%	50 000	0.0%	52 500	5.0%
Office operational expenses-Lease Payments	-	-	0.0%	-	0.0%	-	0.0%
Postage & Courier Services	1 500	86	94.3%	750	(50.0%)	500	(33.3%)
Information Technology Operations	-	-	0.0%	-	0.0%	-	0.0%
Software License Fees	-	-	0.0%	-	0.0%	-	0.0%
Stationery and Printing	47 000	-	100.0%	31 500	(33.0%)	31 500	0.0%
Organizational Membership Subscriptions	-	-	0.0%	-	0.0%	-	0.0%
Professional Membership Subscriptions	24 500	14 622	40.3%	25 500	4.1%	18 615	(27.0%)
Telephone and fax	-	-	0.0%	-	0.0%	-	0.0%
Office Administration	**123 000**	**29 283**	**76.2%**	**107 750**	**(12.4%)**	**103 115**	**(4.3%)**
Consultants' Fees	-	603 750	0.0%	1 000 000	0.0%	1 200 000	20.0%
External Auditors	-	-	0.0%	-	0.0%	-	0.0%
Remuneration - PTRM and External Members	-	-	0.0%	-	0.0%	-	0.0%
Recruitment	-	-	0.0%	-	0.0%	-	0.0%
Legal fees	-	-	0.0%	-	0.0%	-	0.0%
Internal Audit	-	-	0.0%	-	0.0%	-	0.0%
Professional fees	**-**	**603 750**	**0.0%**	**1 000 000**	**0.0%**	**1 200 000**	**20.0%**
Learnership programme	-	-	0.0%	-	0.0%	-	0.0%
Study fees	280 000	254 436	9.1%	225 000	(19.6%)	225 000	0.0%
External Bursaries	-	-	0.0%	-	0.0%	-	0.0%
Training WEGE	-	-	0.0%	-	0.0%	-	0.0%
Train. & Dev. Full Time Regulator Members	-	-	0.0%	-	0.0%	-	0.0%
Train. & Dev. Part Time Regulator Members	-	-	0.0%	-	0.0%	-	0.0%
Train.& Dev. Staff	960 256	106 959	88.9%	440 896	(54.1%)	440 896	0.0%
Travel Costs Regulator Members	-	-	0.0%	-	0.0%	-	0.0%
Travel Costs Staff	1 993 133	304 779	84.7%	996 568	(50.0%)	1 494 852	50.0%
Travel, Accommodation and Training	**3 233 389**	**666 174**	**79.4%**	**1 662 464**	**(48.6%)**	**2 160 748**	**30.0%**
Bank Charges	-	-	0.0%	-	0.0%	-	0.0%
Catering & Entertain	50 000	-	100.0%	-	(100.0%)	5 000	0.0%
Employees Wellness	-	-	0.0%	-	0.0%	-	0.0%
Health and Safety	-	-	0.0%	-	0.0%	-	0.0%
Loss on Disposal of assets	-	-	0.0%	-	0.0%	-	0.0%
Knowledge Centre	-	-	0.0%	-	0.0%	-	0.0%
Other Expenses	**50 000**	**-**	**100.0%**	**-**	**(100.0%)**	**5 000**	**0.0%**
NET SURPLUS/ (DEFICIT) before Depreciation	**37 425 963**	**41 881 312**	**(11.9%)**	**34 339 096**	**(8.2%)**	**34 040 611**	**(0.9%)**
Support Service	**44 702 904**	**37 882 556**	**15.3%**	**46 521 833**	**4.1%**	**50 319 597**	**8.2%**
Depreciation		**1 144 941**	**0.0%**	**-**	**0.0%**	**-**	**-**
NET SURPLUS/ (DEFICIT) for the period	**(7 276 941)**	**2 853 815**	**139.2%**	**(12 182 737)**	**0.0%**	**(16 278 986)**	**33.6%**
TOTAL CAPITAL EXPENDITURE	**2 939 895**	**438 447**	**85.1%**	**2 862 794**	**(2.6%)**	**1 512 420**	**(47.2%)**
Motor vehicles	163 275	-	100.0%	210 000	28.6%	168 000	(20.0%)
Computer software	1 306 620	35 868	97.3%	1 260 000	(3.6%)	420 000	(66.7%)
Office furniture and equipment	315 000	56 887	81.9%	437 430	38.9%	268 800	(38.6%)
Building improvements	735 000	-	100.0%	325 364	(55.7%)	235 620	(27.6%)
Computer hardware	420 000	345 692	17.7%	630 000	50.0%	420 000	(33.3%)

NATIONAL ENERGY REGULATOR OF SOUTH AFRICA

ANNUAL BUDGET FOR THE YEAR 2023/2024

PETROLEUM PIPELINES REGULATION
INCOME AND EXPENDITURE BUDGET FOR 2023/24

	A	B		C	1	D	2
DESCRIPTION	PETROLEUM PIPELINES REGULATION BUDGET 2021/22	PETROLEUM PIPELINES REGULATION ACTUAL 2021/22	% Variance (A /B)	PETROLEUM PIPELINES REGULATION APPROVED BUDGET 2022/23	% Variance (A /C)	PETROLEUM PIPELINES REGULATION PROPOSED BUDGET 2023/24	% Variance (E / C)
TOTAL INCOME	**59 778 062**	**62 628 091**	**4.8%**	**59 691 850**	**(0.1%)**	**69 787 212**	**16.9%**
Levies from Petroleum Pipeline Industry	56 870 706	60 819 195	6.9%	58 408 397	2.7%	67 344 007	15.3%
Interest received	2 895 095	1 654 649	(42.8%)	1 270 579	(56.1%)	2 436 241	91.7%
Rental Income	12 261	10 223	(16.6%)	12 874	5.0%	6 964	(45.9%)
Other Income	-	144 024	0.0%	-	0.0%		(400.1%)
TOTAL OPERATING EXPENDITURE	**32 216 827**	**27 670 868**	**14.1%**	**32 989 843**	**2.4%**	**37 962 026**	**15.1%**
National/International/Initiatives	-	-	0.0%	-	0.0%	-	0.0%
Publications and Communications	-	-	0.0%	-	0.0%	-	0.0%
Sponsorships	-	-	0.0%	-	0.0%	-	0.0%
Advertising	1 790 000	1 220 499	31.8%	1 290 000	(27.9%)	1 325 000	2.7%
Stakeholder Meetings	200 000	-	100.0%	200 000	0.0%	400 000	100.0%
Tribunals and Hearings	90 000	-	100.0%	90 000	0.0%	100 000	11.1%
Advertising, Promotion and Communication	**2 080 000**	**1 220 499**	**41.3%**	**1 580 000**	**(24.0%)**	**1 825 000**	**15.5%**
Gross Salaries	21 376 660	21 818 177	(2.1%)	23 392 488	9.4%	26 581 283	13.6%
Learnership Allowance	-	-	0.0%	-	0.0%	-	0.0%
Internship Allowance	-	-	0.0%	-	0.0%	-	0.0%
Leave Pay: Staff	109 465	216 495	(97.8%)	-	(100.0%)	-	0.0%
Leave pay: Regulator Members	-	-	0.0%	-	0.0%	-	0.0%
Performance Bonus: FTRM	-	-	0.0%	-	0.0%	-	0.0%
Performance Bonus: Staff	3 954 681	2 900 249	26.7%	3 742 797	(5.4%)	4 253 005	13.6%
Cellphone and data allowance Staff		424 260	0.0%	-	0.0%	431 220	0.0%
Cellphone and data allowance FTRM	-	-	0.0%	-	0.0%	-	0.0%
Remuneration: FTRM	-	-	0.0%	-	0.0%	-	0.0%
Publication Incentives	-	-	0.0%	-	0.0%	-	0.0%
Salaries Temporary Staff	-	-	0.0%	-	0.0%	-	0.0%
Employment cost	**25 440 806**	**25 359 181**	**0.3%**	**27 135 285**	**6.7%**	**31 265 508**	**15.2%**
Maintenance	-	-	0.0%	-	0.0%	-	0.0%
Motor Vehicle Expenses	-	-	0.0%	-	0.0%	-	0.0%
Facility Management Operating expenses	-	-	0.0%	-	0.0%	-	0.0%
Municipal Charges	-	-	0.0%	-	0.0%	-	0.0%
Insurance	-	-	0.0%	-	0.0%	-	0.0%
Facilities Maintenance	**-**	**-**	**0.0%**	**-**	**0.0%**	**-**	**0.0%**
PPE Tools	50 000	-	100.0%	50 000	0.0%	150 000	200.0%
Office operational expenses-Lease Payments	-	-	0.0%	-	0.0%	-	0.0%
Postage & Courier Services	500	663	(32.6%)	-	(100.0%)	2 000	0.0%
Information Technology Operations	-	-	0.0%	-	0.0%	-	0.0%
Software License Fees	-	-	0.0%	-	0.0%	-	0.0%
Stationery and Printing	32 500	-	100.0%	23 750	(26.9%)	23 750	0.0%
Organizational Membership Subscriptions	-	-	0.0%	-	0.0%	-	0.0%
Professional Membership Subscriptions	-	-	0.0%	-	0.0%	-	0.0%
Telephone and fax	-	-	0.0%	-	0.0%	-	0.0%
Office Administration	**83 000**	**663**	**99.2%**	**73 750**	**(11.1%)**	**175 750**	**138.3%**
Consultants' Fees	1 500 000	575 000	61.7%	2 500 000	66.7%	2 500 000	0.0%
External Auditors	-	-	0.0%	-	0.0%	-	0.0%
Remuneration - PTRM and External Members	-	-	0.0%	-	0.0%	-	0.0%
Recruitment	-	-	0.0%	-	0.0%	-	0.0%
Legal fees	-	-	0.0%	-	0.0%	-	0.0%
Internal Audit	-	-	0.0%	-	0.0%	-	0.0%
Professional fees	**1 500 000**	**575 000**	**61.7%**	**2 500 000**	**66.7%**	**2 500 000**	**0.0%**
Learnership programme	-	-	0.0%	-	0.0%	-	0.0%
Study fees	175 000	11 840	93.2%	270 000	54.3%	220 000	(18.5%)
External Bursaries	-	-	0.0%	-	0.0%	-	0.0%
Training WEGE	-	-	0.0%	-	0.0%	-	0.0%
Train. & Dev. Full Time Regulator Members	-	-	0.0%	-	0.0%	-	0.0%
Train. & Dev. Part Time Regulator Members	-	-	0.0%	-	0.0%	-	0.0%
Train.& Dev. Staff	748 183	159 497	78.7%	350 888	(53.1%)	350 888	0.0%
Travel Costs Regulator Members	-	-	0.0%	-	0.0%	-	0.0%
Travel Costs Staff	2 159 838	334 045	84.5%	1 079 920	(50.0%)	1 619 880	50.0%
Travel, Accommodation and Training	**3 083 021**	**505 382**	**83.6%**	**1 700 808**	**(44.8%)**	**2 190 768**	**28.8%**
Bank Charges	-	-	0.0%	-	0.0%	-	0.0%
Catering & Entertain	30 000	10 143	66.2%	-	(100.0%)	5 000	0.0%
Employees Wellness	-	-	0.0%	-	0.0%	-	0.0%
Health and Safety	-	-	0.0%	-	0.0%	-	0.0%
Loss on Disposal of assets	-	-	0.0%	-	0.0%	-	0.0%
Knowledge Centre	-	-	0.0%	-	0.0%	-	0.0%
Other Expenses	**30 000**	**10 143**	**66.2%**	**-**	**(100.0%)**	**5 000**	**0.0%**
NET SURPLUS/ (DEFICIT) before Depreciation	**27 561 235**	**34 957 222**	**(26.8%)**	**26 702 007**	**(3.1%)**	**31 825 186**	**19.2%**
Support Service	**44 702 906**	**37 990 685**	**15.0%**	**46 521 833**	**4.1%**	**50 319 597**	**8.2%**
Depreciation		**1 144 931**	**0.0%**	**-**	**0.0%**	**-**	**-**
NET SURPLUS/ (DEFICIT) for the period	**(17 141 671)**	**(4 178 394)**	**75.6%**	**(19 819 826)**	**0.0%**	**(18 494 411)**	**(6.7%)**
TOTAL CAPITAL EXPENDITURE	**2 939 895**	**438 447**	**85.1%**	**2 862 794**	**(2.6%)**	**1 512 420**	**(47.2%)**
Motor vehicles	163 275	-	100.0%	210 000	28.6%	168 000	(20.0%)
Computer software	1 306 620	35 868	97.3%	1 260 000	(3.6%)	420 000	(66.7%)
Office furniture and equipment	315 000	56 887	81.9%	437 430	38.9%	268 800	(38.6%)
Building improvements	735 000	-	100.0%	325 364	(55.7%)	235 620	(27.6%)
Computer hardware	420 000	345 692	17.7%	630 000	50.0%	420 000	(33.3%)

NATIONAL ENERGY REGULATOR OF SOUTH AFRICA

ANNUAL BUDGET FOR THE YEAR 2023/2024

SUPPORT SERVICE
EXPENDITURE BUDGET FOR 2023/24

	A	B		C	1	D	2
DESCRIPTION	SUPPORT SERVICE BUDGET 2021/22	SUPPORT SERVICE ACTUAL 2021/22	% Varaiance (A /B)	SUPPORT SERVICE APPROVED BUDGET 2022/23	% Varaiance (A /C)	SUPPORT SERVICE BUDGET 2023/24	% Varaiance (E / C)
TOTAL OPERATING EXPENDITURE	**212 870 973**	**188 266 727**	**11.6%**	**221 532 538**	**4.1%**	**239 617 127**	**8.2%**
National/International/Initiatives	120 000	-	100.0%	120 000	0.0%	70 000	(41.7%)
Publications and Communications	3 000 000	1 773 263	40.9%	2 520 000	(16.0%)	2 635 000	4.6%
Sponsorships	100 000	73 413	26.6%	100 000	0.0%	100 000	0.0%
Advertising	827 000	1 615 686	(95.4%)	1 065 000	28.8%	890 000	(16.4%)
Stakeholder Meetings	-	-	0.0%	-	0.0%	-	0.0%
Tribunals and Hearings	-	602 768	0.0%	15 000	0.0%	30 000	100.0%
Advertising, Promotion and Communication	**4 047 000**	**4 065 130**	**(0.4%)**	**3 820 000**	**(5.6%)**	**3 725 000**	**(2.5%)**
Gross Salaries	93 654 996	93 920 269	(0.3%)	102 238 846	9.2%	114 023 581	11.5%
Learnership Allowance	1 557 770	1 582 935	(1.6%)	1 639 241	5.2%	1 638 636	(0.0%)
Internship Allowance	1 557 770	1 518 707	2.5%	1 639 241	5.2%	1 638 636	(0.0%)
Leave Pay: Staff	970 195	748 619	22.8%	811 277	(16.4%)	811 277	0.0%
Leave pay: Regulator Members	459 725	(254 516)	155.4%	140 087	(69.5%)	140 087	0.0%
Performance Bonus: FTRM	1 233 903	(16 142)	101.3%	1 255 180	1.7%	1 343 883	7.1%
Performance Bonus: Staff	17 326 177	14 174 232	18.2%	16 358 213	(5.6%)	18 243 773	11.5%
Cellphone and data allowance Staff	-	1 859 627	0.0%	-	0.0%	1 953 480	100.0%
Cellphone and data allowance FTRM	-	189 745	0.0%	-	0.0%	247 200	100.0%
Remuneration: FTRM	8 813 588	8 454 553	4.1%	8 965 576	1.7%	9 599 166	7.1%
Publication Incentives	75 000	-	100.0%	75 000	0.0%	75 000	0.0%
Salaries Temporary Staff	1 300 000	1 865 552	(43.5%)	2 900 000	123.1%	1 300 000	(55.2%)
Employment cost	**126 949 124**	**124 043 581**	**2.3%**	**136 022 661**	**7.1%**	**151 014 719**	**11.0%**
Maintenance	1 150 000	558 211	51.5%	5 978 655	419.9%	6 294 926	5.3%
Motor Vehicle Expenses	240 000	348 736	(45.3%)	180 000	(25.0%)	180 000	0.0%
Facility Management Operating expenses	5 600 000	5 330 195	4.8%	971 345	(82.7%)	1 022 729	5.3%
Municipal Charges	2 500 000	2 114 353	15.4%	2 500 000	0.0%	2 500 000	0.0%
Insurance	750 000	861 964	(14.9%)	1 059 104	41.2%	1 400 000	32.2%
Facilities Maintenance	**10 240 000**	**9 213 458**	**10.0%**	**10 689 104**	**4.4%**	**11 397 655**	**6.6%**
PPE Tools	-	-	0.0%	-	0.0%	-	0.0%
Office operational expenses-Lease Payments	912 168	912 168	(0.0%)	1 003 385	10.0%	1 053 554	5.0%
Postage & Courier Services	69 000	28 487	58.7%	19 151	(72.2%)	32 500	69.7%
Information Technology Operations	5 519 456	1 154 891	79.1%	8 250 000	49.5%	8 058 000	(2.3%)
Software License Fees	5 418 006	5 834 454	(7.7%)	6 475 245	19.5%	6 789 597	4.9%
Stationery and Printing	1 236 000	198 884	83.9%	672 000	(45.6%)	680 500	1.3%
Organizational Membership Subscriptions	1 677 747	1 228 150	26.8%	1 659 244	(1.1%)	1 674 244	0.9%
Professional Membership Subscriptions	84 600	83 109	1.8%	103 485	22.3%	101 475	(1.9%)
Telephone and fax	877 408	481 535	45.1%	767 408	(12.5%)	769 908	0.3%
Office Administration	**15 794 385**	**9 921 677**	**37.2%**	**18 949 918**	**20.0%**	**19 159 779**	**1.1%**
Consultants' Fees	11 060 000	5 374 790	51.4%	12 083 138	9.3%	9 357 414	(22.6%)
External Auditors	2 912 971	3 099 446	(6.4%)	2 520 308	(13.5%)	3 209 390	27.3%
Remuneration - PTRM and Ext. Members	2 494 010	1 934 639	22.4%	2 599 507	4.2%	3 957 749	52.3%
Recruitment	800 000	339 907	57.5%	800 000	0.0%	600 000	(25.0%)
Legal fees	15 000 000	16 830 882	(12.2%)	18 000 000	20.0%	18 000 000	0.0%
Internal Audit	2 200 000	2 158 890	1.9%	2 200 000	0.0%	2 200 000	0.0%
Professional fees	**34 466 981**	**29 738 554**	**13.7%**	**38 202 953**	**10.8%**	**37 324 554**	**(2.3%)**
Learnership programme	1 200 000	1 192 120	0.7%	1 250 760	4.2%	1 250 760	0.0%
Study fees	990 000	530 831	46.4%	632 000	(36.2%)	677 000	7.1%
External Busaries	525 000	315 551	39.9%	525 000	0.0%	551 000	5.0%
Training WEGE	-	-	0.0%	-	0.0%	250 000	0.0%
Train. & Dev. Full Time Regulator Members	539 236	111 191	79.4%	134 484	(75.1%)	400 000	197.4%
Train. & Dev. Part Time Regulator Members	157 519	-	100.0%	157 519	0.0%	500 000	217.4%
Train.& Dev. Staff	3 277 920	1 653 354	49.6%	1 533 583	(53.2%)	1 533 583	0.0%
Travel Costs Regulator Members	3 708 566	87 794	97.6%	500 000	(86.5%)	1 800 000	260.0%
Travel Costs Staff	4 317 430	858 650	80.1%	2 158 718	(50.0%)	3 238 077	50.0%
Travel, Accommodation and Training	**14 715 671**	**4 749 492**	**67.7%**	**6 892 064**	**(53.2%)**	**10 200 420**	**48.0%**
Bank Charges	92 812	66 564	28.3%	65 000	(30.0%)	65 000	0.0%
Catering & Entertain	1 415 000	40 967	97.1%	120 000	(91.5%)	130 000	8.3%
Employees Wellness	800 000	420 612	47.4%	800 000	0.0%	800 000	0.0%
Debt Impairment		50 564		-		-	
Health and Safety	1 350 000	720 534	46.6%	900 000	(33.3%)	800 000	(11.1%)
Loss on Disposal of assets	-	1 657 092	0.0%	-	0.0%	-	0.0%
Knowledge Centre	3 000 000	3 578 504	(19.3%)	5 070 838	69.0%	5 000 000	(1.4%)
Other Expenses	**6 657 812**	**6 534 836**	**1.8%**	**6 955 838**	**4.5%**	**6 795 000**	**(2.3%)**
Depreciation - Office Equipment	-	1 324 173	0.0%	-	0.0%	-	0.0%
Depreciation - Software	-	381 483	0.0%	-	0.0%	-	0.0%
Depreciation - Motor Vehicles	-	65 011	0.0%	-	0.0%	-	0.0%
Depreciation - Hardware	-	1 716 785	0.0%	-	0.0%	-	0.0%
Depreciation - Building	-	1 964 655	0.0%	-	0.0%	-	0.0%
Depreciation	**-**	**5 452 107**	**0.0%**	**-**	**0.0%**	**-**	**0.0%**
TOTAL CAPITAL EXPENDITURE	**13 999 500**	**2 087 843**	**85.1%**	**13 632 353**	**(2.6%)**	**7 202 000**	**(47.2%)**
Motor vehicles	777 500	-	100.0%	1 000 000	28.6%	800 000	(20.0%)
Computer software	6 222 000	170 800	97.3%	6 000 000	(3.6%)	2 000 000	(66.7%)
Office furniture and equipment	1 500 000	270 892	81.9%	2 083 000	38.9%	1 280 000	(38.6%)
Building improvements	3 500 000	-	100.0%	1 549 353	(55.7%)	1 122 000	(27.6%)
Computer hardware	2 000 000	1 646 151	17.7%	3 000 000	50.0%	2 000 000	(33.3%)

	PROGRAMME 1 : REGULATORY SERVICE DELIVERY		**PROGRAMME 2** : ADVOCACY AND ENGAGEMENT		**PROGRAMME 3** : INNOVATION		**PROGRAMME 4** : OPERATIONAL EFFICIENCY AND		**PROGRAMME 5** : PEOPLE AND ORGANISATIONAL CULTURE		**TOTAL**	
Electricity												
Electricity Regulator	7 992 731	**80%**	1 998 183	**20%**	-	**0%**	-	**0%**	-	**0%**	9 990 913	**100%**
Electricity Pricing and Tariffs	33 719 207	**80%**	8 429 802	**20%**	-	**0%**	-	**0%**	-	**0%**	42 149 008	**100%**
Electricity licencing, Compliance, and Dispute Resolution	35 156 076	**80%**	8 789 019	**20%**	-	**0%**	-	**0%**	-	**0%**	43 945 095	**100%**
Electricity Infrastructure Planning	15 933 894	**80%**	3 983 473	**20%**	-	**0%**	-	**0%**	-	**0%**	19 917 367	**100%**
Piped-Gas												
Piped Gas Regulation	11 489 235	**90%**	1 276 582	**10%**	-	**0%**	-	**0%**	-	**0%**	12 765 817	**100%**
Gas Pricing and Tariffs	10 802 482	**95%**	568 552	**5%**	-	**0%**	-	**0%**	-	**0%**	11 371 034	**100%**
Gas Licencing, Compliance and Dispute Resolution	13 899 825	**100%**	-	**0%**	-	**0%**	-	**0%**	-	**0%**	13 899 825	**100%**
Gas Competition and Markets	6 854 928	**95%**	360 786	**5%**	-	**0%**	-	**0%**	-	**0%**	7 215 713	**100%**
Petroleum Pipelines												
Petroleum Pipelines Regulation	7 451 110	**50%**	7 451 110	**50%**	-	**0%**	-	**0%**	-	**0%**	14 902 220	**100%**
Petroleum Pipeline Tariffs	8 871 027	**80%**	2 217 757	**20%**	-	**0%**	-	**0%**	-	**0%**	11 088 784	**100%**
Petroleum Licensing, Compliance and Dispute Resolution	9 576 818	**80%**	2 394 205	**20%**	-	**0%**	-	**0%**	-	**0%**	11 971 023	**100%**
Corporate Service												
Executive Manager: Corporate services	-	**-**	221 669	**5%**	-	**0%**	4 211 720	**95%**	-	**0%**	4 433 389	**100%**
Legal Advisory Services	-	**-**	-	**0%**	-	**0%**	28 095 326	**100%**	-	**0%**	28 095 326	**100%**
Information Resource Management	-	**-**	-	**0%**	696 510	**5%**	13 233 696	**95%**	-	**0%**	13 930 207	**100%**
Communication and Stakeholder Management	-	**-**	13 496 355	**100%**	-	**0%**	-	**0%**	-	**0%**	13 496 355	**100%**
International Co-ordination and Partnership	-	**-**	5 923 646	**100%**	-	**0%**	-	**0%**	-	**0%**	5 923 646	**100%**
Organizational Units												
Chief Operating Officer	-	**-**	-	**0%**	-	**0%**	7 863 548	**100%**	-	**0%**	7 863 548	**100%**
Strategic planning and Monitoring	-	**-**	-	**0%**	-	**0%**	6 877 323	**100%**	-	**0%**	6 877 323	**100%**
Regulatory Support Unit	-	**-**	-	**0%**	-	**0%**	30 229 123	**100%**	-	**0%**	30 229 123	**100%**
Information Communication and Technology	-	**-**	-	**0%**	5 954 477	**20%**	23 817 906	**80%**	-	**0%**	29 772 383	**100%**
Internal Audit Unit	-	**-**	-	**0%**	-	**0%**	12 380 752	**100%**	-	**0%**	12 380 752	**100%**
Regulatory Analysis and Research	-	**-**	-	**0%**	-	**0%**	10 584 263	**100%**	-	**0%**	10 584 263	**100%**
Finance and Administration												
Chief Financial Officer	-	**-**	-	**0%**	-	**0%**	8 184 113	**100%**	-	**0%**	8 184 113	**100%**
Financial Management and Gorvernance	-	**-**	-	**0%**	-	**0%**	11 424 536	**100%**	-	**0%**	11 424 536	**100%**
Supply Chain Management/Faciliies/Projects	-	**-**	-	**0%**	-	**0%**	24 506 608	**100%**	-	**0%**	24 506 608	**100%**
Human Resources												
Chief Human Capital Officer	-	**-**	-	**0%**	-	**0%**	-	**0%**	3 784 549	**100%**	3 784 549	**100%**
Human Resources Value Creation	-	**-**	-	**0%**	-	**0%**	-	**0%**	15 121 750	**100%**	15 121 750	**100%**
Human Resources Transactions	-	**-**	-	**0%**	-	**0%**	-	**0%**	13 009 255	**100%**	13 009 255	**100%**
	161 747 332	**36.86**	57 111 138	**13.01**	6 650 987	**1.52**	181 408 916	**41.34**	31 915 554	**7.27**	438 833 926	**100**