

**MINISTRY OF ENERGY**

REPUBLIC OF SOUTH AFRICA

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**Memorandum from the Parliamentary Office**

**National Assembly: 1709**

Please find attached a response to Parliamentary Questionfor***written reply*** asked**byMr M Waters (DA)** to ask the **Minister of Mineral Resources and Energy**

**Adv. T.S Mokoena**

**Director General: Department of Mineral Resources and Energy**

**………………/………………/2020**

Approved / Not Approved

**Mr. S.G Mantashe**

**Minister of Mineral Resources and Energy**

**………………/………………/2020**

**1709. Mr M Waters (DA) to ask the Minister of Mineral Resources and Energy:**

1. What are the licence conditions between the National Energy Regulator of South Africa Authority (Nersa) and the City of Ekurhuleni (CoE)?
2. whether he will furnish Mr M Waters with a copy of the licence agreement and conditions between NERSA and CoE; if not, what is the position in this regard; if so, on what date? NW2099E

**Reply:**

1. **See Conditions of Licence: Section 5 (5.1 – 5.4) as reproduced below.**
2. **Distribution Licence attached as Annexure “A”.**

**CONDITIONS OF LICENCE**

The licensee shall be bound by the following conditions to this licence:

**5.1. LEGAL CONDITIONS**

5.1.1 The licensee shall supply electricity within the area of supply mentioned in schedule I below to every applicant who is in a position to make satisfactory arrangements for payment thereof.

5.1.2 The licensee shall not reduce or discontinue the supply of electricity to a consumer unless -

(i) the consumer is insolvent; or

(ii) the consumer has failed to pay the agreed charges or to comply with the conditions of supply and has failed to remedy the default within 14 days after receiving from the licensee a written notice by post calling upon him to do so.

5.1.3 Where the licensee is undertaking an electrification programme which has been approved based on a one year fixed and three year rolling programme in terms of the Integrated National Electrification Programme, the licensee's programme shall set out the approximate dates on which potential consumers will receive their electricity supply, the licensee shall supply electricity to such potential consumers in accordance with the approved electrification plan.

5.1.4 The National Electricity Regulator shall be entitled to settle disputes between the licensee and another supplier, or between the licensee and its consumers or prospective consumers regarding -

i. the right to supply;

ii. the quality of such supply and the provision of services in connection therewith;

iii. the condition on and prices at which electricity is supplied;

iv. the installation and functioning of meters;

v. the suitability of the equipment of the licensee;

vi. delays in or refusal to supply by the licensee;

vii. any other matter in respect of which the licensee or its consumers requests the National Electricity Regulator to act as mediator.

5.1.5 Any decision of the regulator on a dispute as contemplated in 5.1.4 above is binding on the parties to the dispute.

5.1.6. This licence is not transferable without the approval of the National Electricity

Regulator.

**5.2. FINANCIAL CONDITIONS**

5.2.1 The licensee shall maintain separate electricity distribution business affairs from the licensee's other affairs so that the revenues; cost; assets; liabilities; reserves and provisions for the electricity business are separately identifiable in the books of the licensee from those of any other business.

5.2.2 The licensee shall prepare on a consistent basis from such accounting records in respect of the financial year of the licensee, and each subsequent financial year, accounting statements comprising -

i. an income statement;

ii. a balance sheet.

together with notes thereto, and in appropriate detail the amounts of any revenue, cost, asset, liability, reserve or provision which has been charged from or to any other business together with a description thereof.

5.2.3. The licensee shall annually submit audited copies of such accounting statements to the National Electricity Regulator within 180 days of the end of the licensee’s financial year. This shall include an asset register, purchase value and current value.

5.2.4. The National Electricity Regulator shall determine the prices at which the licensee shall supply electricity to its consumers.

5.2.5. The licensee is not permitted to charge any consumers with other tariffs than those specified in the schedule of approved tariffs set out in schedule 2 hereto, as revised from time to time, without the approval of the National Electricity Regulator.

5.2.6. The licensee shall pay the bulk supplier from whom it purchases its electricity.

5.2.7. Ensure that monies allocated for statutory National Electricity Regulator purposes in the licensees’ budget are utilised for such purposes.

5.2.8. Ensure that electricity tariffs increases are promulgated through appropriate media.

**5.3 TECHNICAL CONDITIONS**

5.3.1 The licensee shall supply electricity to its consumers in compliance with quality standards/criteria as the National Electricity Regulator may from time to time prescribe. Currently such applicable standards are, NRS 048 and NRS 047.

5.3.2 Prepare and adhere to plans, which protect customers and ensure the effectiveness of the industry such as:

i. Maintenance Schedules;

ii. Standards of Service (NRS 047) and Quality (NRS 048);

iii. enquiries and complaints management;

iv. licence compliance management;

v. consumer/public and staff safety/education; and

vi. system losses reduction.

5.3.3 Explore demand management strategies before augmentingor expanding a distribution system.

5.3.4 Ensure that metering, billing and revenue collection are effective, efficient and accurate.

**5.4 GENERAL CONDITIONS**

5.4.1 The National Electricity Regulator shall be entitled to collect such information from the licensee or its consumers as it deems necessary.

5.4.2. The licensee shall supply the NER on a quarterly basis with new electrification connections completed during the previous three months, starting in April of each year.

5.4.3. The National Electricity Regulator, or any person authorised by it in writing, may enter upon premises of the licensee and inspect any plant, machinery, books, accounts and other documents found there.

5.4.4. The National Electricity Regulator may call upon the licensee to furnish to it such periodical or other returns in such form as the National Electricity Regulator may from time to time prescribe, and such particulars in respect of the undertaking as the National Electricity Regulator may from time to time demand.

**END**