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WORLD CLASS MINERALS AND ENERGY SECTORS THROUGH SUSTAINABLE DEVELOPMENT

RENEWABLE ENERGY FEED IN TARIFF AND INCENTIVE BILL

DEPARTMENT OF MINERALS AND ENERGY



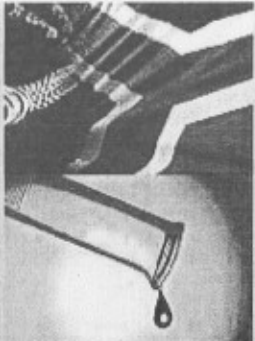
the dme

Department:
Minerals and Energy
REPUBLIC OF SOUTH AFRICA



LEGISLATIVE PROVISION FOR RENEWABLE ENERGY

- Renewable Energy sources are provided for in a number of policy and legislation documents.
- The most critical of these are:
 - the Electricity Regulation Act (04 of 2006) and
 - the National Energy Act (34 of 2008)., and subsequent regulations.
- There are other enabling documents such as the Electricity Pricing Policy which set out a policy framework determination of electricity prices, including the support of new and renewable energy sources.
- In order to evaluate the essence of the REFITI Bill, it is critical to analyse the provisions of existing energy legislation, so that gaps can be identified and overlaps avoided.
- This presentation will extract objects and relevant provisions of the above legislation and contrast that to the proposed Bill.



OBJECTS OF THE NATIONAL ENERGY REGULATOR ACT (34 OF 2008)

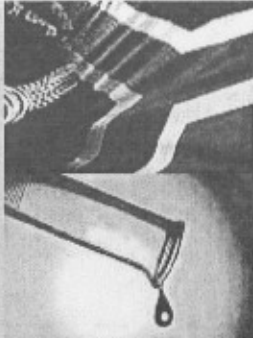
- The Object of the Act is to:
 - ensure that diverse energy resources are available, in sustainable quantities and at affordable prices, to the South African economy in support of economic growth and poverty alleviation, taking into account environmental management requirements and interactions amongst economic sectors;
 - provide for energy planning, increased generation and consumption of renewable energies, contingency energy supply, holding of strategic energy feedstocks and carriers, adequate investment in, appropriate upkeep and access to energy infrastructure;



NATIONAL ENERGY (34 OF 2008)

Section 2

- **Relevant Objectives of this Act are to—**
 - *(b) promote diversity of supply of energy and its sources;*
 - *(e) promote appropriate standards and specifications for the equipment, systems and processes used for producing, supplying and consuming energy;*
 - *(l) contribute to sustainable development of South Africa's economy.*



NATIONAL ELECTRICITY ACT (34 OF 2008)

- 5. (1) The Minister must adopt measures that provide for the universal access to appropriate forms of energy or energy services for all the people of the Republic at affordable prices. The measures contemplated in subsection (1) must take into account—
 - *(f) the sustainability of the energy provision;*
 - *(g) affordability;*
 - *(h) cost-effectiveness;*
 - *(i) the State's commitment*



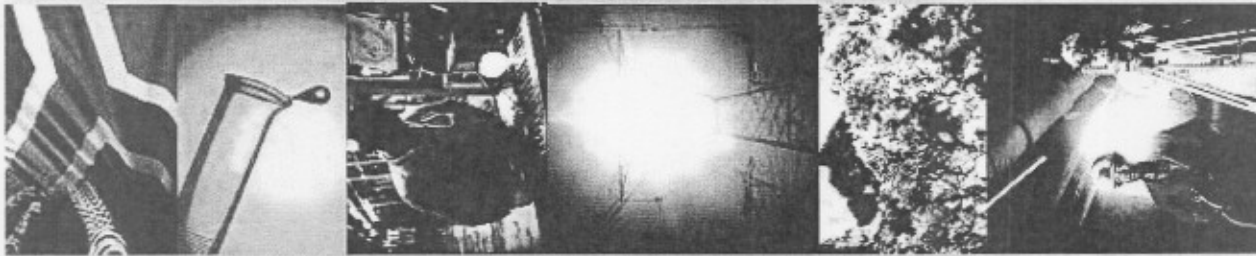
Electricity Regulation Act (34 of 2008)

- **INTEGRATED ENERGY PLANNING**
- 6. (1) The Minister must develop and, on an annual basis, review and publish the Integrated Energy Plan in the *Gazette*.
- (2) The Integrated Energy Plan must deal with issues relating to the supply, transformation, transport, storage of and demand for energy in a way that accounts for—
 - (a) *security of supply;*
 - (b) *economically available energy resources;*
 - (c) *affordability;*
 - (d) *universal accessibility and free basic electricity;*
 - (e) *social equity;*
 - (f) *employment;*
 - (g) *the environment;*
 - (h) *international commitments;*
 - (i) *consumer protection; and*
 - (j) *contribution of energy supply to socio-economic development.*



THE ELECTRICITY REGULATION ACT (04 OF 2006)

- The Act provides for the Integrated Energy Plan which must—
 - (a) take account of plans relating to transport, electricity, petroleum, water, trade, macro-economy energy infrastructure development, housing, air quality management, greenhouse gas mitigation within the energy sector and integrated development plans of local and provincial authorities;
 - (b) inform and be informed by plans from all supply, production and demand sectors whose plans impact on or are impacted by the Integrated Energy Plan.



THE ELECTRICITY REGULATION ACT (04 OF 2006)

OBJECTS OF THE ELECTRICITY REGULATION ACT (04 OF 2006)

- **The Object of the Act is to:**
 - establish a national regulatory framework for the electricity supply industry;
 - to make the National Energy Regulator the custodian and enforcer of the national electricity regulatory framework;
 - provide for licenses and registration as the manner in which generation, transmission, distribution, trading and the import and export of electricity are regulated; and
 - to provide for matters connected therewith.

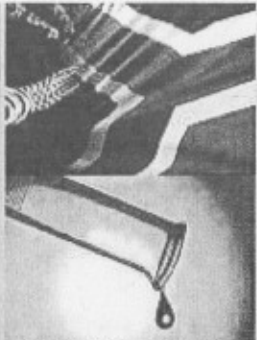




THE ELECTRICITY REGULATION ACT (04 OF 2006)

The Act also provides for the following Conditions of License

- the area of electricity supply to which a licensee is entitled or bound;
- the classes of customers and end users to whom electricity may or must be supplied;
- the persons from whom and to whom electricity must or may be bought or sold;
- the types of energy sources from which electricity must or may be generated, bought or sold;
- compliance with health, safety and environmental standards and requirements;
- compliance with any regulation, rule or code made under this Act;
- including the monitoring thereof through certificates of performance and conditions attached to such duties or obligations
- *compliance with energy efficiency standards and requirements, including demand-side management;*



THE ELECTRICITY REGULATION ACT (04 OF 2006)

Conditions of license 15 (Continued)

15. (1) The Regulator may make any license subject to conditions relating to :

- (m) the duty or obligation to trade, or to generate, transmit or distribute, electricity, the termination of electricity supply to customers and end users under certain circumstances, the duty to reconnect without undue discrimination, and conditions relating thereto;
- (q) the persons from whom and to whom electricity must or may be bought or sold;
- (r) the types of energy sources from which electricity must or may be generated, bought or sold;
- (s) compliance with health, safety and environmental standards and requirements;
- (t) compliance with any regulation, rule or code made under this Act;
- (u) including the monitoring thereof through certificates of performance and conditions attached to such duties or obligations

(u) compliance with energy efficiency standards and requirements, including demand-side management;



THE ELECTRICITY REGULATION ACT (04 OF 2006)

- **16. (1) A license's condition determined relating to the setting or approval of prices, charges and tariffs and the regulation of revenues-**
- *(b) must provide for or prescribe incentives for continued improvement of the technical and economic efficiency with which services are to be provided;*
- *(c) must give end users proper information regarding the that their consumption imposes on the licensee's business;*

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THE ELECTRICITY REGULATION ACT (04 OF 2006)

Non Discriminatory Access

(4) Access to electricity systems *must be provided on the conditions set out in the license of such transmitter or distributor, that may relate to-*

- *(a) the circumstances under which access must be allowed;*
- *(b) the circumstances under which access may be refused;*
- *(c) the strengthening or upgrading of the transmission or distribution power system in order to provide for access, including contributions towards such upgrading by the potential users of such systems, if applicable;*
- *(d) the rights and obligations of other existing or new users regarding the use of such power systems;*
- *(e) compliance with any rule, code or practice made by the Regulator; or*
- *(f) the fees that may be charged by a licensee for the use of such power system.*

THE ELECTRICITY REGULATION ACT (04 OF 2006)

Resolution of disputes by Regulator

- Section 42 provides for a mechanism to deal with disputes that may arise between or among licensees and the consumers.



THE REFITI BILL

- **General comments.**
- *The REFIRI Bill is covered by the provisions of existing legislation.*

- **Purpose and Objectives**
- *Purpose of the Bill , determination of the tariffs and generation from other sources is covered by either of the legislations.*
- *Sustainability of the supply industry , diversity of sources is covered by either of the legislations.*

- **Scope of the Bill**
- *The Scope of the Bill contained in the open access provision of the Regulation Act and the obligation of the Regulator to ensure access to all electricity from various sources;*
- *All tariff determinations are the domain of the Regulator.(*



THE REFITI BILL (Continued)

- *The Regulator is also responsible for the Grid Code in terms of the terms and conditions of other licensees providing electricity to the national grid to ensure quality of supply.*
- ***Tariff Determination Period***
- *The REFITI Bill proposes a one year tariff review, while the Regulator has already graduated to a Multi Year Tariff determination to support Integrated Energy Planning for the industry.*
- ***Solar Water Heaters***
- *Are not the direct domain of the Electricity Supply Industry*
- ***Eligible Sources of Primary Energy***
- *Are the primary domain of the Energy Act.*



THE REFITI BILL (Continued)

- **Incentives**
- *Are provided for in the either of the existing legislation.*
- **Reporting**
- *Planning , data collection and Reporting are functions of both the Acts.*



CONCLUSION

- *The purpose , objectives of the REFITI Bill are adequately covered by the existing legislation, and there is no need for a separate legislation to amplify the contents of another legislation.*
- *Amplified /Specifics contemplated in the REFITI Bill can be addressed through the regulations in the existing legislation.*
- *A lot of work has been done by the DME since the White Paper on Renewable Energy of 2003.*
- *The DME does not support the REFITI Bill*

