

PROVISION OF FREE BASIC ELECTRICITY POLICY

Item A-F (23-2018) CM 24/5/2018	REVIEWED INTEGRATED DEVELOPMENT PLAN (IDP), MEDIUM - TERM REVENUE AND EXPENDITURE FRAME WORK (MTREF) AND BUILT ENVIRONMENT PERFORMANCE PLAN (BEPP): 2018/2019 TO 2020/2021
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Resolved:

5. **That** to guide the implementation of the municipality's annual budget, the Council of the City of Ekurhuleni **APPROVES** the policies as set out in the following Annexures of this document.

Annexure D1	Medium-term Budget Policy Statement (reviewed)
Annexure D2	Pricing Policy Statement (reviewed)
Annexure D3	Property Rates Policy (reviewed)
Annexure D4	Provision of Free Basic Electricity Policy (reviewed) & Provision of Free Basic Water Supply Services Policy (reviewed)
Annexure D5	Waste Management Services Tariff Policy (reviewed)
Annexure D6	Consumer Deposit Policy (reviewed)
Annexure D7	Indigent Policy (reviewed)
Annexure D8	Credit Control & Debt Collection Policy (reviewed)
Annexure D9	Provision for Doubtful Debtors and Debtors Write Off (reviewed)
Annexure D10	Budget Implementation and Monitoring Policy (reviewed)
Annexure D11	Municipal Entity Financial Support Policy (reviewed)
Annexure D12	Accounting Policy (reviewed)
Annexure D13	Electricity Metering for Residential and business Customers (reviewed)
Annexure D14	Policy for the Vending of Pre-Paid Electricity (reviewed)
Annexure D15	Policy for Correction of Meter Reading and Billing Data (reviewed)
Annexure D16	Electricity Tariff policy (reviewed)
Annexure D17	Virement Policy (reviewed)
Annexure D18	Consumer Agreement Policy (remains unchanged)
Annexure D19	Supply Chain Management Policy (remains unchanged)
Annexure D20	Treasury Policy (new – Consolidation of various policies)
Annexure D21	Allocation for Grants-in-Aid Policy (new)

CONTENTS

1. OBJECTIVES OF POLICY	2
2. ALLOCATION OF FREE BASIC ELECTRICITY.	2
3. APPLICATION PROCEDURE FOR NON PROFIT ORGANISATIONS	3
4. APPLICATION PROCEDURE FOR INDIVIDUALS RECEIVING ELECTRICITY IN BULK.....	3
5. GENERAL PROVISIONS.....	4
6. DEVIATION FROM THE FREE BASIC ELECTRICITY POLICY	4

PROVISION OF FREE BASIC ELECTRICITY POLICY

1. OBJECTIVES OF POLICY

- ▶ To comply with the provisions of the Constitution of the Republic of South Africa;
- ▶ To comply with the provisions of the Electricity Regulation Act 4 of 2006;
- ▶ To ensure compliance with the Municipal Systems Act No 32, 2000;
- ▶ To comply with the provisions of the Municipal Finance Management Act 56, 2003;
- ▶ To comply with the Electricity Pricing Policy Government Notice 1398 of 2008
- ▶ To comply with the Electricity Basic Services Support Tariff (Free Basic Electricity) Policy Government Notice 1693 Of 2003; and
- ▶ To ensure affordability of basic services to the community.

FBE ALLOCATION IS 50 kWh units per month.

The following policy provides guidelines to determine a uniform approach for the allocation of free basic electricity inside the boundaries of the City of Ekurhuleni.

Note: Electricity used for business purposes is excluded from the free basic electricity allocation.

2. ALLOCATION OF FREE BASIC ELECTRICITY

Free basic electricity to City of Ekurhuleni customers may be allocated in accordance with the following provisions:

- 2.1 when provided for in the City of Ekurhuleni Policy on Free Basic Electricity, subject to a cut-off point of 1,000 kWh units per month (based on historical consumption levels):
 - 2.1.2 residents using electricity for residential purposes within the Ekurhuleni supplied area, to the inclining block tariff or
 - 2.1.3 residents using electricity for residential purposes within the Eskom supplied area inside City of Ekurhuleni demarcated boundaries on the Eskom Home light tariff, and a contract exists whereby Ekurhuleni pays Eskom to supply free basic electricity to these customers.
- 2.2 when the user entity is a non-profit organization registered in terms of the provisions of the Non-profit Organization Act, 1997, for the following specific purposes:
 - 2.2.1. the care of old people;
 - 2.2.2 the care of children;
 - 2.2.3 the care of the physically or mentally challenged;
 - 2.2.4 the care of animals; and
 - 2.2.5 providing food to homeless people (soup kitchen or similar).

The procedure for the application for the free basic electricity allocation for the user entity falling within the categories defined in sections 2.2.1 to 2.2.5 will be as described in section 2.

PROVISION OF FREE BASIC ELECTRICITY POLICY

2.3 when the applicant residing in a private residential complex that receives electricity in bulk from Ekurhuleni satisfies the criteria listed below:

- The applicant shall be a pensioner and/or physically challenged person;
- When the applicant uses electricity at a historical average of no more than 1,000 kWh per month (calculated over a 12-month period or if occupation took place less than 12 months prior to the date of application calculated from the date of occupation);
- To be in line with the pensioner/indigent income criteria as stated in the indigent and rebate policies.
- The applicant is the occupant of the dwelling concerned, which dwelling consists of one dwelling only and no part thereof will be sublet.
- Approved indigents residing in a private residential complex and is supplied with electricity by a bulk meter.

3. APPLICATION PROCEDURE FOR NON PROFIT ORGANISATIONS

Application procedures for organizations mentioned in section 2.2

- 3.1 The user entity shall apply for the FBE allocation on the prescribed form to be obtained from the Finance Department.
- 3.2 In the case of the user entity providing accommodation to people defined in section 2.2.1 to 2.2.3 the account holder will confirm the number of residential units and beds by means of a sworn affidavit and the provisions of section 5.1 will apply in terms of the number of beds.
- 3.3 In the case of the user entity caring for animals the kWh billed on the last account of the user entity prior to the application for the FBE allocation being made will be used to calculate the number of FBE allocations that the user entity qualifies for in accordance with section 5.2.
- 3.4 In the case of the user entity providing food to homeless people the kWh billed on the last account of the user entity prior to the application for the FBE allocation being made will be used to calculate the number of FBE allocations that the user entity qualifies for in accordance with section 5.2.

4. APPLICATION PROCEDURE FOR INDIVIDUALS RECEIVING ELECTRICITY IN BULK

Application procedure for qualifying individuals/indigents residing in a private residential complex that receives electricity in bulk from Ekurhuleni

- 4.1 The applicant shall apply for the FBE allocation on the prescribed form to be obtained from the Finance Department;
- 4.2 A sworn affidavit confirming that the applicant satisfies the relevant criteria as detailed in section 2.3 must accompany the application.
- 4.3 The application must also be accompanied by an affidavit from the Board of Trustees or owner stating that an allocation of free basic electricity, when received on a monthly basis in the form of a rebate on the bulk account, shall be passed through to the approved applicant, and also indicate that the applicant's electricity consumption per

PROVISION OF FREE BASIC ELECTRICITY POLICY

month is below the determined average of 1000kWh units per month, measured over the last 12 months (or lesser time period, if not residing there for 12 months).

- 4.4 Only the FBE allocation portion of the IBT tariff structure shall apply to indigents residing in private residential complexes.

5. GENERAL PROVISIONS

The following general provisions shall be adhered to:

- 5.1 In the case of qualifying organizations where no residential units exist, every four beds or part thereof will be deemed as one residential unit thus qualifying for one FBE allocation. If a qualifying organisation provides both residential units as well as a section comprising of beds; one FBE allocation per residential unit will be applicable plus an FBE allocation per four beds or part thereof in the aforementioned section.
- 5.2 In the case of qualifying organisations as defined in sections 2.2.4 and 2.2.5, an FBE allocation will be allocated as per table below, up to a maximum of 5 FBE allocations, based on the average kWh consumption calculated over a 12 month period or if occupation took place less than 12 months prior to the date of application calculated from the date of occupation of the user entity prior to the application for the FBE allocation being made.

Calculated average kWh consumption or part thereof	Qualifying kWh FBE allocation per month
If between 1 – 1000 kWh	50kWh FBE will be allocated
If between 1001 – 2000 kWh	100kWh FBE will be allocated
If between 2001 – 3000 kWh	150kWh FBE will be allocated
If between 3001 -4000 kWh	200kWh FBE will be allocated
From 4001 kWh upwards	250kWh FBE will be allocated

- 5.3 All applications must be renewed annually.

6. DEVIATION FROM THE FREE BASIC ELECTRICITY POLICY

Any deviation from the free basic electricity policy must be approved in writing by the Chief Financial Officer.

NOTE: The reference to “they” in the above sentences is a reference to the department concerned and its personnel

The term “shall” is used throughout this document to indicate those provisions which, are considered to be mandatory.

The term “should” is used to indicate those provisions which, although not mandatory, are provided as a recognized means of meeting the requirements.

**The term “may” is used to indicate something which is permitted.
The term “can” is used to indicate a possibility or a capability.**

