

Item A-F (17-2023) CM 26/05/2021	<b>MEDIUM-TERM REVENUE AND EXPENDITURE FRAMEWORK (MTREF) FOR 2023/24 TO 2025/26 AND THE REVISED 2022/2023 TO 2026/27 INTEGRATED DEVELOPMENT PLAN (IDP)</b>
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Resolved:

4. To guide the implementation of the municipality's annual budget, the Council of the City of Ekurhuleni **APPROVES** the amended policies and By-laws as contained in **Annexure E**.

**POLICIES**

- Annexure E1** Medium-term Budget Statement Policy (Reviewed)
- Annexure E2** Pricing Policy Statement (Reviewed)
- Annexure E3** Property Rates Policy (Reviewed)
- Annexure E4.1** Provision of Free Basic Electricity Policy (Reviewed)
- Annexure E4.2** Provision of free Basic Water supply services (Reviewed)
- Annexure E5** Waste Management Tariff Policy (Reviewed)
- Annexure E6** Consumer Deposit Policy (Reviewed)
- Annexure E7** Indigent Support Policy (Reviewed)
- Annexure E8** Credit Control & Debt Collection Policy (Reviewed)
- Annexure E9** Provision for Doubtful Debtor and Debtor Write-Off Policy (Reviewed)
- Annexure E10** Budget Implementation and Monitoring Policy (Reviewed)
- Annexure E11** Municipal Entity Financial Support Policy (Reviewed)
- Annexure E12** Accounting Policy (Reviewed)
- Annexure E13** Electricity Metering for Residential and business Customers (Reviewed)
- Annexure E14** Policy for the vending of pre-paid electricity (Reviewed)
- Annexure E15** Policy for Estimation and Correction of Energy or Demand Meter Reading and Billing Data (Reviewed)
- Annexure E16** Electricity Tariff policy (Reviewed)
- Annexure E17** Virements Policy (Reviewed)
- Annexure E18** Consumer Agreement (Reviewed)
- Annexure E19** Supply Chain Management Policy (Reviewed)
- Annexure E20** Treasury Policy (Reviewed)
- Annexure E21** Funds Transfer Policy (Reviewed)
- Annexure E22** Assets Management Policy (Reviewed)
- Annexure E23** Cost Containment Policy (Reviewed)
- Annexure E24** Policy for the wheeling of Electricity Ekurhuleni (Reviewed)
- Annexure E25** Policy for Embedded generation (Reviewed)
- Annexure E26** Ekurhuleni Community Enterprise Development Fund Policy (Reviewed)
- Annexure E27** Long Term Financial Strategy 2020/21-2029/30 (Reviewed)
- Annexure E28** Expanded Public Works Programme Policy (Reviewed)

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# 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.

***Free Basic Electricity allocation is 50kWh 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 – only properties used solely for RESIDENTIAL purposes may receive a 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 to registered indigent residents of COE:

- 2.1.2 residents using electricity for residential purposes within the Ekurhuleni supplied area linked 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.

Free Basic Electricity allocation for Eskom supplied areas is in line with the Electricity Pricing Policy Government Notice 1398 of 2008 as well as the Electricity Basic Services Support Tariff (Free Basic Electricity) Policy Government Notice 1693 Of 2003.

2.2 when the user entity is a non-profit organization (NPO) registered in terms of the provisions of the Non-profit Organization Act, 1997 or a Welfare organisations registered in terms of the National Welfare Act (Act No. 100 of 1978), 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 is described in section 3.

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 registered indigent
- Be in line with the indigent customer income criteria as stated in the indigent customer 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.

The procedure for application for the free basic electricity allocation for the user entity falling within the category defined in section 2.3 is described in section 4.

### **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 and individual residential units.
- 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 INDIGENTS RECEIVING ELECTRICITY IN BULK**

**Application procedure for qualifying individuals/indigent customers 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 The approved indigent status from the Department of Health shall be submitted as proof with 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.
- 4.4 Only the 50kWh units FBE allocation portion of the IBT tariff structure shall apply to qualifying applicants/indigent customers residing in private residential complexes.
- 4.5 All applications shall be reviewed as per Indigent Support Policy.

## 5. GENERAL PROVISIONS

The following general provisions shall be adhered to:

- 5.1 In the case of qualifying NPO's 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 NPOs 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 greater than 0 up to and including 1000 kWh	50kWh FBE will be allocated
If greater than 1000 up to and including 2000 kWh	100kWh FBE will be allocated
If greater than 2000 up to and including 3000 kWh	150kWh FBE will be allocated
If greater than 3000 up to and including 4000 kWh	200kWh FBE will be allocated
Greater than 4000 kWh	250kWh FBE will be allocated

- 5.3 All applications shall 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 Group 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.**

