

Item A-F (17-2023) CM 26/05/2021	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)
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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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POLICY FOR THE WHEELING OF ELECTRICITY

1. BACKGROUND AND APPLICABLE LEGISLATION

1.1 The policy aims to guide the process of wheeling electrical energy (units) in/through the City grid (supply mains/distribution and/or reticulation network).

1.2 The following definitions apply in addition to those defined in the City electricity by-laws:

“Bank, Banked, Banking or Banked Energy” means the treatment of generated wheeled energy that exceeds the energy consumed by the consumer, as recorded per time of use periods (i.e. Peak, Standard and Off-peak) in a Month.

“City by-laws” means the Electricity by-laws of the City as promulgated from time to time.

“Customer” and **“end user”** and **“consumer”** means a consumer connected to the City of Ekurhuleni electrical network and metered; as defined in the City by-laws.

“Energy trader” means a legal entity licensed by or registered with National Energy Regulator of South Africa (NERSA) to engage in the buying and selling of electricity (electrical energy) as a commercial activity.

“Eskom” means Eskom Holdings SOC Ltd, a State owned company.

“Generator” means a legal entity licensed by or registered with the Regulator of South Africa (NERSA) to engage in the production of electricity (electrical energy) through a unit or power station and/or a seller of electrical energy generated on its own premises by any means.

“Generator Grid Connection” means the connection agreement entered into between the City or Eskom (as the case may be) and the Generator to physically connect the Generation Facility to the Transmission / Distribution Electricity Grid.

“Use-of-System ” means to allow the Generator access to and the usage of the City or Eskom’s (as the case may be) Electricity Transmission / Distribution Grid, to export electrical energy from the Generation Facility

“Generator Point of Connection” means the electrical node on the Electricity Grid where the Generation Facility is physically connected to the Electricity Grid in terms of the Generator Grid Connection and Use-of-System Agreement.

“Grid Codes” means Meter, Distribution, Generation, Transmission and Renewable Energy grid codes as regulated by NERSA.

“Net Billing” means the billing is done on the customer’s bill through separate import and export measurements on approved tariffs for import and export.

“**Net Consumer**” means is someone who purchases (imports) more kWh of electricity than they export (sell), on a monthly basis.

“**Net Generator**” means a situation where the site generates more electricity than is consumed on site on a monthly basis, and therefore exports more power onto the municipal network than it draws from the network.

“**Prosumer**” means a customer who both consume and produce energy.

“**WEPS**” means Eskom wholesale electricity pricing system.

“**Wheeled Energy**” means the electrical energy generated and exported in the Peak, Standard and Off-Peak Periods onto the Electricity Transmission/Distribution Grid as measured at the point of connection of generator connection by Eskom or the City (as the case may be) and which is deemed to be delivered at the relevant point of delivery/connection points.

“**Wheel’ or ‘Wheeling**” means the exchange of energy from a generator by a generator or a trader via the transmission/distribution electricity network not owned, controlled or leased by either party and deals with financial reconciliation of the virtual flow of electrical energy

2. QUALIFYING CRITERIA

2.A. Eskom Transmission/Distribution Connected generators and wheeled to a customer situated within the City’s licenced distribution network

- 2.A.1 Only consumers on the City’s Tariff D or Tariff J, connected at ≥ 6.6 kV with a notified maximum demand (NMD) of ≥ 1 MVA that have entered into a wheeling transaction with a generator or energy trader will qualify for wheeling.
- 2.A.2.a For Tariff D consumer, the following shall apply:
Where a consumer with an existing wheeling agreement commence with a network access charge (NAC) value ≥ 1 MVA, and thereafter consumes less than 1 MVA, the schedule of tariff rules for Tariff D shall apply i.e. the NAC value will continue to be levied at a minimum of 1 MVA and the consumer shall remain on Tariff D for 12 months. Thereafter the customer will be moved to tariff E. In order to continue to qualify for wheeling the NAC value will continue to be levied at a minimum of 1 MVA.
- 2.A.2.b. For Tariff J consumer, the following shall apply:
Where a consumer with an existing wheeling agreement commence with a network access charge (NAC) value ≥ 1 MVA, and thereafter consumes less than 1 MVA, the NAC value will continue to be levied at a minimum of 1 MVA and the consumer shall remain on Tariff J in order to continue to qualify for wheeling.
- 2.A.3 Any wheeling agreement is subject to the City and the consumer entering into a written wheeling agreement and/or a written amendment of any existing consumer/supply agreement for wheeling whereupon Tariff G will in addition to the aforesaid tariffs apply.
- 2.A.4 The aforementioned agreement together with the City’s by-laws, policies and tariffs, will record the terms and conditions by which the consumer account will be adjusted with the wheeled energy as per Tariff G.
- 2.A.5 No wheeling agreement as aforesaid will come into effect prior to the City entering into a wheeling amendment agreement with Eskom in respect thereof if the generator is located outside the City’s licensed area of supply/distribution and the generator is connected to Eskom’s Transmission grid.

- 2.A.6.a. The generator must conclude a generation connection agreement with Eskom if the generator is connected to Eskom Transmission / Distribution grid;
- 2.A.6.b. The generator and/or energy trader must conclude a wheeling (use-of-system) agreement with Eskom if the generator is connected to Eskom Transmission / Distribution grid;
- 2.A.7 The generator or energy trader must provide the City with a copy of the Wheeling / Connection agreements entered into between the generator and or energy trader and Eskom, and a copy of the power purchase agreement entered into between the generator or energy trader and the consumer.
- 2.A.8 The generator must meet all the SA Grid Code requirements before injecting energy into the South African power system, including technical, legal and contractual requirements.
- 2.A.9 The City will wheel electricity through the City grid (supply mains/distribution and/or reticulation network) from Eskom's point of delivery to the consumer metering point. The City shall provide, install and maintain four quadrant metering equipment at the costs of the consumer to measure the electricity at each metering point.
- 2.A.10 No wheeling agreement will be entered into with a consumer or connection and use-of-system agreement with the generator and energy trader if the network capacity of the City's grid (supply mains/distribution and/or reticulation network) and/or Eskom grid will be exceeded as a result thereof.

2.B. City of Ekurhuleni Distribution Connected generators and wheeled to a customer situated within the City's licenced distribution network.

- 2.B.1 Only consumers on the City's Tariff D or Tariff J, connected at ≥ 6.6 kV with a notified maximum demand (NMD) of ≥ 1 MVA that have entered into a wheeling transaction with a generator or energy trader will qualify for wheeling.
- 2.B.2.a. For Tariff D consumer, the following shall apply:
Where a consumer with an existing wheeling agreement commence with a network access charge (NAC) value ≥ 1 MVA, and thereafter consumes less than 1 MVA, the schedule of tariff rules for Tariff D shall apply i.e. the NAC value will continue to be levied at a minimum of 1 MVA and the consumer shall remain on Tariff D for 12 months. Thereafter the customer will be moved to tariff E. In order to continue to qualify for wheeling the NAC value will continue to be levied at a minimum of 1 MVA.
- 2.B.2.b. For Tariff J consumer, the following shall apply:
Where a consumer with an existing wheeling agreement commence with a network access charge (NAC) value ≥ 1 MVA, and thereafter consumes less than 1 MVA, the NAC value will continue to be levied at a minimum of 1 MVA and the consumer shall remain on Tariff J in order to continue to qualify for wheeling.
- 2.B.3. Any wheeling agreement is subject to the City and the consumer entering into a written wheeling agreement and/or a written amendment of any existing consumer/supply agreement for wheeling whereupon Tariff G will in addition to the aforesaid tariffs apply.
- 2.B.4. The aforementioned agreement together with the City's by-laws, policies and tariffs, will record the terms and conditions by which the consumer account will be adjusted with the wheeled energy as per Tariff G.
- 2.B.5.a. The generator must conclude a generation connection agreement with the City when connecting to the Distribution grid;
- 2.B.5.b. The generator and/or energy trader must conclude a wheeling (use-of-system) agreement with the City;
- 2.B.6 The generator or energy trader must provide the City with a copy of the power purchase agreement entered into between the generator or energy trader and the consumer.
- 2.B.7 The generator must meet all the SA Grid Code requirements before injecting energy into the South African power system, including technical, legal and contractual requirements.

- 2.B.8 The City will wheel electricity through the City's grid (supply mains/distribution and/or reticulation network) from the generator point of connection to the consumer metering point. The City shall provide, install and maintain four quadrant metering equipment at the costs of the consumer to measure the electricity at each metering point (Generation and Consumer).
- 2.B.9. No wheeling agreement will be entered into with a consumer or connection and use-of-system agreement with the generator and energy trader if the network capacity of the City's grid (supply mains/distribution and/or reticulation network) will be exceeded as a result thereof.

2.C. City of Ekurhuleni Distribution Connected generators and wheeled to a customer situated outside of the City's licenced distribution Network.

- 2.C.1. Generators wish to set up a generation plant connecting to the City's Distribution Network and wheel energy to customers outside the City's licensed distribution network will be required to enter into a generation connection agreement.
- 2.C.2. The generator must meet all the SA Grid Code requirements before injecting energy into the South African power system, including technical, legal and contractual requirements.
- 2.C.3. The generator and/or energy trader must conclude a wheeling (use-of-system) agreement with the City;
- 2.C.4. The aforementioned agreement together with the City by-laws, policies and tariffs, will record the terms and conditions by which the generator or the trader's account will be charged with the wheeled energy as per Tariff G (Use of System Charges).
- 2.C.5. The generator and/or energy trader must conclude a wheeling (use-of-system) agreement with Eskom for the energy to be wheeled;
- 2.C.6. The generator or energy trader must provide the City with a copy of the power purchase agreement entered into between the generator or energy trader and the consumer.
- 2.C.7. The City will wheel electricity through the City's grid (supply mains/distribution and/or reticulation network) from the generator point of connection. The City shall provide, install and maintain four quadrant metering equipment at the costs of the generator to measure the electricity at generation metering point, which measurements will be used to charge the Use of System charges to the generator or trader as per tariff G.
- 2.C.8. No wheeling agreement will be entered into with a consumer or connection and use-of-system agreement with the generator and energy trader if the network capacity of the City's grid (supply mains/distribution and/or reticulation network) will be exceeded as a result thereof.
- 2.C.9. No wheeling agreement will be entered into with a consumer or connection and use-of-system agreement with the generator and energy trader if the network capacity of Eskom's grid (Transmission and or distribution network) will be exceeded as a result thereof.

3. METHODOLOGY

RECONCILIATION OF ACCOUNTS FOR CITY CONSUMERS RECEIVING DEEMED WHEELED ENERGY FROM NON-ESKOM GENERATORS:

- 3.1 The City of Ekurhuleni's consumer will receive their account for all energy and demand consumption as per the applicable approved City tariff and charges.
- 3.2 Any credit due in respect of the wheeled electrical energy and in terms of the aforementioned agreements, shall be determined in accordance with the City's applicable wheeling tariff.
- 3.3 No credit for network capacity or demand will be allowed.

- 3.4 If wheeled energy is received from generators connected to Eskom Transmission/Distribution network, any credit due to the consumer will only be effected after the City's account has been credited by Eskom and no compensation of whatever nature will be allowed in respect of any delay.
- 3.5 If wheeled energy is received from generators connected to the City's Distribution network, any credit due to the consumer will be effected as per the normal billing cycle processing and no compensation of whatever nature will be allowed in respect of any delay.
- 3.6 No consumer's account will be credited in respect of wheeled energy in an amount exceeding the actual consumption by the consumer during the applicable consumption period.

BILLING OF GENERATORS OR TRADERS FOR WHEELED ENERGY THROUGH THE CITY'S DISTRIBUTION NETWORK TO CUSTOMERS OUTSIDE THE CITY'S LICENSED DISTRIBUTION NETWORK:

- 3.7 The generated energy to be wheeled will be measured at the generation point of connection and this measurements will be used to generate monthly billing accounts to the generator or trader.
- 3.8 In the event that Eskom requires the City of Ekurhuleni to enter into a Use of System Agreement for the wheeled energy on Eskom's distribution/transmission network and Eskom charges the City of Ekurhuleni the Use of System charges for the energy wheeled to the off-taker, these charges will be passed on to the generator/trader.

4. GENERAL

4.1 to 4.4 is applicable to a City customer who signed a PPA with a Non-Eskom Generator.

4.1 and 4.4 are applicable to generators or traders contracting to the City on a Use of Systems basis to wheel energy to customers outside the City's licenced distribution network.

- 4.1 The City does not guarantee a firm supply (inclusive of periods of load shedding) and cannot be held liable for any losses and/or damages whatsoever and howsoever incurred inclusive of but not limited to consequential damages, as a result of interruptions in the supply of electricity (electrical energy).
- 4.2 Where no wheeling has taken place, no credits will be due to the consumer and the City will be deemed to be the supplier and the consumer will be billed in accordance with the City's applicable tariffs.
- 4.3 No banking of electrical energy and/or compensation in respect thereof will be allowed.
- 4.4 Specific circumstances, requiring a deviation from this policy may be considered by the Head of Department (HoD): Energy. Any deviation must be documented and approved in writing by the HoD: Energy, or the official delegated thereto by the City Manager.
- 4.5 The HoD: Energy is delegated to sign all agreements with regard to Wheeling transactions and connections.

