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# Portfolio Committee on Minerals and Energy



**Electricity Regulation  
Amendment Bill  
B020-2006**

**11 October 2006**

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*The Association of Municipal Electricity Undertakings (Southern Africa)*

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# OVERVIEW

- BACKGROUND OF AMEU
- ISSUES ON THE ERA BILL
- DISTRIBUTION & RETICULATION
- CONCLUSIONS
- RECOMMENDATION



# AMEU

- Established 1915
- Municipality is member
- Councillor and Engineer representatives
- Technical support to SALGA
- Involved in EDI restructuring since 1992
- Support for May 2001 '6 REDs' model in national interest



# ISSUES ON ERA BILL

- Definition of Reticulation
  - Effectively means 'domestic end user'
  - Consumes less than 5 GWh per annum
- Raises the questions:
  - who will be responsible for customers consuming more than 5 GWh per annum?
  - will they pay different tariffs?
  - who will own and maintain these networks that supply customers > 5 GWh per annum?



# ISSUES ON ERA BILL

- who will be the service provider to consumers above the limit defined in the Bill?
- Will Eskom be forced to supply these customers?

- **Conclusion**

- the definition limiting reticulation to a class of consumer is impractical to implement



# DISTRIBUTION & RETICULATION

- Distribution is synonymous with Reticulation
- Refers to wires and other related services downstream from Transmission i.e. equal to and below 132 kV
- Distribution may only be undertaken by Electricity Distributors which must be appointed / established as Service Delivery Mechanisms per Municipal Systems Act



# CONCLUSIONS

- The Bill removes the benefits of economic regulation from a considerable number of electricity customers in South Africa
- The proliferation of tariffs will continue and be extended to those areas previously supplied by Eskom.
- Difficult to see how NERSA will perform the task of monitoring and regulating the performance of municipalities in complying with the proposed Act



# RECOMMENDATION

- The AMEU does not believe that it was Government's intention to reduce the effectiveness and efficiency of NERSA in regulating the whole electricity supply industry
- Recommend that the Bill in its current form be re-visited





