



# City of uMHLATHUZE

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The Chairperson  
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**ATTENTION: Shanaaz Isaacs**

## **COMMENTS ON ELECTRICITY REGULATION AMENDMENT BILL PUBLISHED IN GOVERNMENT GAZETTE NO 29192 OF 4 SEPTEMBER 2006**

The Electricity Regulation Amendment Bill is a major deviation from the Electricity Act. The Electricity Regulation and long overdue Electricity Restructuring legislation need close alignment and should ideally be promulgated simultaneously, as both have significant impact on the industry and specifically in a restructuring period, which could result in major change.

The definitions of "community, domestic end user, light industrial or commercial customer and reticulation", creates uncertainty and complexities for the Municipalities wishing to retain the present function of the reticulation of electricity. This group of definitions has been created to limit the existing rights of municipalities to reticulate electricity as commonly defined in the English dictionary, in terms of the Constitution. Reticulation is not confined to any specific category of customer, voltage and/or methods used to reticulate. The definition of "reticulation" distorts the electricity service delivery by the creation of an impractical sector and splitting it from distribution.

Municipal activities fall within the definitions of "distribution", "reticulation" and "trading" and this has significant – and apparently unintended – consequences for the regulatory scheme applicable to municipalities. The City recommends and advises that the definitions be amended for distribution and reticulation to have exactly the same meaning as this will have a major impact to the industry's effective service delivery.

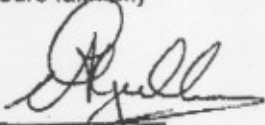
It must be noted that currently "Distribution" licences are issued to municipalities. Is it the intention of the Bill that the NER will in future issue a "Trading and Reticulation" licence to municipalities and a "Distribution" licence to ESKOM, REDs or other distributors?

ALL CORRESPONDENCE MUST BE ADDRESSED TO THE CHIEF EXECUTIVE OFFICER



Please note that our comments are not limited to the contents of this letter and that the City submits this without prejudice to any of its rights.

Yours faithfully



**AL GULTAN**  
**ACTING CITY ELECTRICAL ENGINEER**  
for Chief Executive Officer

dms 359167