



REGISTRATION PROCEDURE FOR SMALL- SCALE EMBEDDED GENERATORS

Version 1
20 August 2018

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DEFINITIONS

In this procedure any word or expression to which a meaning has been assigned in the Act shall have the meaning so assigned unless the context indicates otherwise.

Act means the Electricity Regulation Act, 2006 (Act No. 4 of 2006).

Energy Regulator means the National Energy Regulator of South Africa established in terms of Section 3 of the National Energy Regulator Act, 2004 (Act No. 40 of 2004), the terms Regulator and Energy Regulator can be used interchangeably as implying the same.

Licensee means the holder of a generation licence granted or deemed to have been granted by the Energy Regulator under the Act.

Registered entity means the entity generating electricity, which has been registered by the Energy Regulator under the Act.

Small-Scale Embedded Generator (SSEG) means a customer that operates a generation facility of ≤ 1 MW and connected at low voltage to a public Distribution System, who is entitled to a Licence Exemption according to clause 2.1, 2.2, 2.3 of the Department of Energy Licensing Exemption and Registration Notice.

ABBREVIATIONS AND ACRONYMS

ELC	Electricity Licensing, Compliance and Dispute Resolution
HoD	Head of Department
NERSA	National Energy Regulator of South Africa
NSP	Network Service Provider

1. LEGISLATIVE PROCEDURE

- 1.1 The National Energy Regulator of South Africa (NERSA) is established by the National Energy Regulator Act, 2004 (Act No. 40 of 2004) for the regulation of the Electricity Supply Industry in terms of the Act.
- 1.2 Section 7(1)(a) of the Act states that: *No person may, without a licence issued by the Regulator in accordance with this Act – operate any generation, transmission or distribution facility.*
- 1.3 Section 8, however, states that: *The Minister may, in consultation with the Regulator, determine by notice in the Gazette that any activity contemplated in Section 7(1) need no longer be a licensed activity from the date set out in such notice.*
- 1.4 Section 9(1) makes provision for registering activities that would have been identified in the Notice. It states that: *The Minister may, in consultation with the Regulator, determine by notice in the Gazette that any person involved in an activity relating to trading or the generation, transmission or distribution of electricity that does not require licensing in terms of section 7 read with section 8, must register with the Regulator.*
- 1.5 On 10 November 2017, the Minister gazetted a Licensing Exemption and Registration Notice No. 1231 of 10 November 2017 in the Government Gazette No. 41237 of 10 November 2017 ('the Notice'). The Notice is attached as Annexure A for ease of reference.
- 1.6 The Notice requires generation facilities that are not more than 1MW and that qualify as per the Notice, to be registered by NERSA.
- 1.7 The Act provides conditions or grounds on which registration may be refused. Section 9(3)(b) states that:
 - (b) *The Regulator may refuse to register such a person or activity –*
 - (i) *If the application is not made within the prescribed period or is not accompanied by the prescribed fee; or*
 - (ii) *If the application is contrary to the objectives of the Act.*

Section 9(4) further states that the Energy Regulator may make Registration subject to conditions relating to the supply of information to the Energy Regulator.

2. SCOPE OF THE PROCEDURE

- 2.1 This procedure is aimed at enabling the Energy Regulator to execute its mandate as contemplated in the Act and the Notice with regard to generation facilities with capacity of 1MW or less.
- 2.2 This procedure is not applicable to generation facilities with a capacity of more than 1MW or which are outside of the Republic of South Africa.
- 2.3 This procedure may be revised annually or as and when required in order to implement government policy, legislative developments or developments in the Electricity Supply Industry.

3. PURPOSE

The purposes of the procedure are to:

- 3.1 ensure orderly development of the electricity supply infrastructure in South Africa, which is one of the objectives of the Act;
- 3.2 establish the guidelines under which the Energy Regulator must register generation facilities with a capacity of 1MW or less to ensure compliance with the Act;
- 3.3 establish processes and procedures to be followed when registering generation facilities with a capacity of 1MW or less;
- 3.4 provide reporting requirements for registered generation facilities with a capacity of 1MW or less; and
- 3.5 ensure that NERSA has an up-to-date database of installed generation facilities that need to be registered in terms of the Notice to enhance regulation and inform policy formulation (e.g. the development of the Integrated Resource Plan).

4. THE OBJECTIVE OF THE PROCEDURE

The objective of this procedure is to achieve the objects of Act, which are to:

- 4.1 achieve the efficient, effective, sustainable and orderly development and operation of electricity generation infrastructure in South Africa;

- 4.2 ensure that the interests and needs of present and future electricity customers and end-users are safeguarded and met, having regard to the governance, efficiency, effectiveness and long-term sustainability of the electricity generation industry within the broader context of economic energy regulation in the Republic;
- 4.3 facilitate investment in the electricity generation industry;
- 4.4 promote energy efficiency;
- 4.5 promote competitiveness of electricity generators; and
- 4.6 facilitate a fair balance between the interests of licensees and investors in the electricity generation industry.

5. GENERATION FACILITIES THAT ARE ELIGIBLE FOR REGISTRATION

The following generation facilities are eligible for registration:

- 5.1 Generation facility with an installed capacity of not more than 1MW, which is not connected to the grid in circumstances specified in the Notice;
- 5.2 Generation facility with an installed capacity of not more than 1MW, which is connected to the grid in circumstances specified in the Notice;
- 5.3 Generation facility for own use with a capacity of not more than 1MW, which is not connected to the grid in circumstances specified in the Notice;
- 5.4 Generation facility used for demonstration purposes only in circumstances specified in the Notice; and
- 5.5 Co-generation in circumstances specified in the Notice.

6. ELIGIBLE GENERATORS' REGISTRATION REQUIREMENTS

- 6.1 The following approvals are required before one applies for registration:
 - a) The consent letter from the licensed Network Service Provider (NSP) with confirmation, amongst others, that there is network capacity to

accommodate the proposed embedded generator and that the generator meets the requirements of the NSP;

- b) The Power Purchase Agreement between the generator and the consumer if the generator and the buyer are not owned by the same entity; and
- c) The wheeling agreement with the NSP, if applicable.

6.2 The application for registration must be done by the owner/operator of the generation facility by filling in the Registration Application Form (attached hereto as Annexure B).

6.3 The Registration Application Form has four sections, namely Section A: Particulars of the Applicant; Section B: Particulars of the Generation Facility; Section C: Customer Profile; and Section D: Declaration by the Applicant.

7. SUBMISSION OF A REGISTRATION APPLICATION TO NERSA

7.1 An application for registration submitted to the Energy Regulator shall be in writing and addressed to the Head of Department (HoD): Electricity Licensing, Compliance and Dispute Resolution (ELC) as per the details on the Registration Application Form.

7.2 The application form must be accompanied by the Registration Fee as per Section 9(2) of the Act read with Section 35(3)h¹.

8. REGISTRATION PROCESS AND ACTIVITIES

8.1 File Opening or Creation

- (a) On receipt of the application for registration, the Administrator will capture it on the Received Registration Application Database, create a file for the application and acknowledge receipt of the application within seven working days.

¹ Currently there is no prescribed fee for licensing and registration. Applicants therefore only have to submit the application form without any payment until such a time that the Energy Regulator has prescribed the application fees.
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- (b) The Administrator shall then hand over the application to the HoD: ELC who will assign a member of the Registration Unit to process the application.

8.2 Evaluation of an Application

- (a) Within a period of seven working days after the receipt of an application, an application shall be evaluated to establish if it qualifies for registration in accordance with the Gazetted Schedule.
- (b) If it does not qualify for registration, NERSA will advise the applicant that the facility does not qualify for registration in accordance with the Notice. Depending on the application, the applicant may be advised to apply for licencing should it be a licensed activity.
- (c) If the application qualifies for registration, the Team Leader will capture the following details on the monthly registration application database:
- The Municipality where the generation facility is located;
 - The Licensed Distributor (Eskom, Municipality, Private);
 - The applicant;
 - The intended customer;
 - The installed capacity of the generation facility;
 - The connection voltage level;
 - The NMD of the customer;
 - Tariff category of customer (Domestic, Industrial, etc.);
 - The technology of the generator;
 - The expected Commercial Operation Date; and
 - The expected annual energy production of the generator.

8.3 The Electricity Subcommittee Meeting

- (a) The HoD: ELC shall submit applications to the Electricity Subcommittee for approval within 60 days.

8.4 Implementation of the Energy Regulator's Decision

- (a) The applicants whose applications have been approved will be notified through a letter from the Energy Regulator, and issued with a registration certificate.
- (b) Once approval for registration is granted, the HoD: ELC shall ensure that

the approved applicants are uploaded on the Registration Database.

- (c) The Registration Database shall be on the NERSA website and available for viewing by members of the public.

8.5 Record Keeping

- (a) The HoD: ELC shall designate appropriate resources to administer the Registration Database.

9. RESPONSIBILITIES OF NETWORK SERVICE PROVIDERS

- 9.1 The NSP shall not unreasonably deny connection by an eligible generator.
- 9.2 Any dispute between an eligible generator and the NSP may be referred to NERSA for resolution.
- 9.3 The NSP shall take all necessary steps to ensure the safety of their operating personnel with regard to this generation. As a minimum, this means putting notices on the circuits where this generation is present so that the operators can see them and marking the locations on all operating diagrams.
- 9.4 The NSP must ensure that an eligible generator complies with NRS 097-2-1:2010: Grid Interconnection of Embedded Generation, as a minimum requirement.
- 9.5 The NSP must ensure that the generation facilities install appropriate protection and metering at the connection point.
- 9.6 The NSP must maintain a database of all generation facilities within its area. The database shall incorporate, as a minimum, the following information:
 - a) the technology of the generation;
 - b) the capacity installed;
 - c) its location (both on the network and GPS);
 - d) whether there is energy storage associated with it; and
 - e) the customer's name and account number.
- 9.7 The NSPs must report the following information to the Energy Regulator on an annual basis or as and when necessary:

- (a) The number of installations for each technology;
- (b) The total capacity for each technology installed;
- (c) The total energy each technology has generated onto their system in each 'Time of Use tariff' metered time period;
- (d) Complaints that they have received from customers on the same circuit as the Small-Scale Embedded Generator about quality of supply;
- (e) All safety-related incidents involving this generation; and
- (f) The tariffs applicable to these installations.

10. REPORTING TO THE ENERGY REGULATOR

10.1 The HoD: ELC shall submit an annual report to the Energy Regulator on the status of registered generation facilities in South Africa. This report shall, as a minimum, contain the total registered capacity of registered generation facilities, the annual energy produced, complaints relating to registered generation facilities and the incidences/accidents that occurred as a result of these generation facilities.

10.2 The approved report shall be shared with the public by publishing it on the NERSA website. The report shall also be shared with other Government entities such as the Department of Energy, the Department of Public Enterprises, the South African Local Government Association and the National Treasury.

11. STANDARD CONDITIONS FOR REGISTERED FACILITIES

11.1 The registered facilities shall comply with the following technical standards and/or specifications:

- (a) NRS 097 Parts 1 and 2: Grid Interconnection of Embedded Generation;
- (b) South African Grid Code Requirements for Renewable Power Plants;
- (c) SANS 10142 Parts 1 to 4: The Wiring of Premises;
- (d) NRS 047: Electricity Supply: Quality of Service;
- (e) NRS 048: Electricity Supply: Quality of Supply; and
- (f) NRS 057/SANS 474: Code of Practice for Electricity Metering;

11.2 The registered facilities shall not change the installed capacity without approval from the NSP and the Energy Regulator.

12. ENFORCING COMPLIANCE

12.1 In the event of non-compliance by the registered entity, with any of its duties and obligations under these Standard Conditions for Registration, such non-compliance will be dealt with in accordance with the Act.

13. ANNEXURES

Annexure A: Registration Process