

# **NATIONAL ENERGY REGULATOR**

**OF**

**SOUTH AFRICA**

## **GENERATION LICENCE**

issued to

<b>Eskom Holdings (Pty) Ltd</b> Reg. No. 2002/015527 06
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### **PREAMBLE**

**Whereas** the existing generation licences was issued in terms of the Electricity Act, 1987 (Act No. 41 of 1987) (Electricity Act).

**Whereas** Eskom had applied for an amendment to their existing generation licence to include new power stations and change in operational status of Komati power station. The application was assessed in terms of the Electricity Regulation Act, 2006 (Act No. 4 of 2006) (ERA).

And

**Whereas** section 48 (3) of the Electricity Regulation Act, 2006 (Act No. 4 of 2006) provides that all licences issued in terms of the Electricity Act are deemed to be issued in terms of the ERA.

**NOW THEREFORE** the generation licence is amended as follows:

- Where the Electricity Act was cited it is now replaced with the ERA.
- To change all references to the National Electricity Regulator to the National Energy Regulator of South Africa as the licensing entity.
- Additional power stations as amended in schedule 1 – generating stations.
- Change in status of Komati power station from “mothballed” to “operational”.

### **1. DEFINITIONS AND INTERPRETATION**

In this licence, words and phrases shall have the meaning ascribed to them in the definition section of the Electricity Regulation Act, 2006 (Act No. 4 of 2006) (hereinafter referred to as the Act), as well as the definition section of the Grid Code, insofar as it is applicable.

## **2. GRANT OF LICENCE**

The National Energy Regulator, in exercise of the powers conferred by section 4 of the ERA, hereby licenses Eskom to generate electricity at its generating stations set out in schedule 1 below for the purpose of enabling a supply to be offered to the Distribution division subject to the conditions set out in this licence and the Act.

## **3. TERM OF LICENCE**

This licence has come in force on 1 September 1995 and shall continue unless modified or revoked in accordance with the provisions of section 11 and 12 herein.

## **4. DUTIES OF LICENSEE**

**Not limiting the provisions of section 22 of the ERA, the following are the duties of the licensee:**

- 4.1 The licensee shall offer all available units forming part of its generating stations to the Eskom Power Pool for dispatch by the national Licensed Transmitter.
- 4.2 The Licensee shall not effect any changes to the generation stations listed in schedule 1 with respect to the design, capacity, generating process or status of any generation station, without the approval of the National Energy Regulator.
- 4.3 The Licensee shall comply with any restrictions and conditions imposed by relevant environmental and safety agencies.

## **5. SEPARATE ACCOUNTS FOR ELECTRICITY GENERATION BUSINESS**

- 5.1 The licensee shall, maintain separate accounts for each generating station of its generation business as defined in schedule 4 so that the revenues; costs; assets; liabilities; reserves and provisions for, or reasonably attributable to, each generating station are separately identifiable in the books of the licensee from those of any other business.
- 5.2 The licensee shall prepare on a consistent basis from such accounting records in respect of the financial year of the licensee, and each subsequent financial year, accounting statements comprising -
  - (1) an income statement;
  - (2) a balance sheet;

together with notes thereto, and in appropriate detail the amounts of any revenue, cost, asset, liability, reserve or provision which has been charged from or to any other business together with a description thereof.

- 5.3 The licensee shall annually submit audited copies of such accounting statements to the National Energy Regulator within 180 days of the end of the licensee's financial year.

## **6. TARIFFS AND PRICES**

- 6.1 The National Energy Regulator must determine the prices at which the licensee shall supply electricity.

## **7. COLLECTION OF INFORMATION**

The National Energy Regulator shall be entitled to collect such information from the licensee or its consumers as it deems necessary.

## **8. SETTLEMENT OF DISPUTES**

- 8.1 The National Energy Regulator shall be entitled to settle disputes between the licensee and any other supplier regarding -
- (1) the right to supply;
  - (2) the quality of such supply and the provision of services in connection therewith;
  - (3) the condition on and prices at which electricity is supplied;
  - (4) the installation and functioning of meters;
  - (5) the suitability of the equipment of the licensee;
  - (6) delays in or refusal to supply by the licensee;
  - (7) any other matter in respect of which the licensee or its consumers requests the National Energy Regulator to act as mediator.

- 8.2 Any decision of the regulator on a dispute as contemplated in section 8.1 above is binding on the parties to the dispute.

## **9. INSPECTIONS**

The National Energy Regulator shall be entitled to perform inspections of the equipment of the licensee.

## **10. PROHIBITION OF TRANSFER OF RIGHT TO SUPPLY**

This licence is not transferable without the approval of the National Energy Regulator.

## **11. MODIFICATION OF LICENCE**

The conditions of this licence may be modified by the National Energy Regulator -

- (1) with the agreement of the licensee; or
- (2) failing such agreement, after 30 days due notice has been given to the licensee by the National Energy Regulator and after consideration of any representation or objections; or
- (3) after due consideration of any representations by the Licensee.

## **12. REVOCATION OF LICENCE**

12.1 The National Energy Regulator may at any time agree with the licensee that this licence should be revoked, in which case the term of the licence ends on the day agreed.

12.2 The National Energy Regulator may at any time give notice of revocation to the licensee if the licensee does not comply with any of its duties and obligations, and the Minister determines that it is necessary or desirable to revoke this licence, in which case the term of this licence ends on the expiration of the period of the notice. The term of this licence does not end at the expiration of the period of a notice of revocation given under this paragraph if, before the expiration, the licensee complies with its duties or obligations.

## **13. POWERS OF ENTRY AND INSPECTION**

The National Energy Regulator, or any person authorised by it in writing, may enter upon premises of the licensee and inspect any plant, machinery, books, accounts and other documents found there.

## **14. FURNISHING OF RETURNS**

The National Energy Regulator may call upon the licensee to furnish to it such periodical or other returns in such form as the National Energy Regulator may from time to time prescribe, and such particulars in respect of the undertaking as the National Energy Regulator may from time to time demand.

## **15. CONDITIONS OF SUPPLY**

15.1 The licensee shall supply electricity subject to the prevailing supply contract.

15.2 The Licensee shall comply with the requirements of the Grid Code insofar as the Code applies to any of its operations, except where exemptions and derogations, have from time to time been approved by the National Energy Regulator. (See the Appendix to this licence).

**16. QUALITY OF SUPPLY**

The licensee shall supply electricity onto the interconnected power system, subject to the requirements of the Grid Code and other such quality criteria as the National Electricity Regulator, may from time to time prescribe.

**SIGNED:** \_\_\_\_\_  
**Chief Executive Officer**

**DATE:** \_\_\_\_\_

## SCHEDULES:

### SCHEDULE 1 Generating Stations

Station	Location	Type	Operational	Under Construction	Mothballed	Total capacity
		<b>Base Load</b>	<b>MW</b>	<b>MW</b>	<b>MW</b>	<b>MW</b>
Arnot	Middelburg	Coal fired	1980			1980
Duvha	Ermelo	Coal fired	3450			3450
Hendrina	Hendrina	Coal fired	1900			1900
Kendal	Witbank	Coal fired	3840			3840
Koeberg	Cape Town	Nuclear	1840			1840
Kriel	Bethal	Coal fired	2850			2850
Lethabo	Sasolburg	Coal fired	3558			3558
Matimba	Ellisras	Coal fired	3690			3690
Matla	Bethal	Coal fired	3450			3450
Tutuka	Standerton	Coal fired	3510			3510
Camden	Ermelo	Coal fired	1140	380		1520
Majuba	Volksrust	Coal fired	3843			3843
Komati	Middelburg	Coal fired		1000		1000
Medupi	Lephalale	Coal fired		4500		4500
Grootvlei	Balfour	Coal fired		1130		1130
		<b>Peaking Stations</b>				
Acacia	Cape Town	Gas turbine	171			171
Port Rex	East London	Gas turbine	171			171
Ankerlig	Atlantis	Gas turbine	588			588
Gourikwa	Mosselbay	Gas turbine	438			438
Atlantis Gas 1	Atlantis	Gas turbine		735		735
Mosselbay Gas 1	Mosselbay	Gas turbine		292		292
Colleywobbles	Mbashe River	Hydro	42			42
First Falls	Umtata River	Hydro	6			6
Second Falls	Umtata River	Hydro	11			11
Ncora A&B	Ncora Irrigation Scheme	Hydro	2.1			2.1
Gariep	Norvalspont	Hydro	360			360
Vanderkloof	Petrusville	Hydro	240			240
Drakensberg	Bergville	Pumped Storage	1000			1000
Palmiet	Grabouw	Pumped Storage	400			400
Ingula	Drakensberg	Pumped Storage	1330			1330

## SCHEDULE 1 Continued

### Commissioning Schedule of Power Stations

The schedule below indicates the total capacity and commercial operational (CO) date of units that shall be made available at each power station in accumulative manner:

Station	Unit	MW	CO	Cumulative Total
<b>CAMDEN</b>	Unit 6	190	31-Mar-2005	190
	Unit 7	190	30-Sep-2005	380
	Unit 8	190	31-Mar-2006	570
	Unit 5	190	30-Sep-2006	760
	Unit 4	190	28-Feb-2007	950
	Unit 3	190	30-Jun-2007	1,140
	Unit 2	190	31-Oct-2007	1,330
	Unit 1	190	31-Mar-2008	1,520

Station	Unit	MW	CO	Cumulative Total
<b>GROOTVLEI</b>	Unit 1	190	30-Sep-2007	190
	Unit 2	190	31-Mar-2008	380
	Unit 3	190	30-Sep-2008	570
	Unit 4	190	28-Feb-2009	760
	Unit 5	185	30-Jun-2009	945
	Unit 6	185	31-Oct-2009	1,130

Station	Unit	MW	CO	Cumulative Total
<b>KOMATI</b>	Unit 9	125	30-Sep-2008	125
	Unit 8	125	31-Mar-2009	250
	Unit 7	125	30-Sep-2009	375
	Unit 6	125	28-Feb-2010	500
	Unit 5	100	30-Jun-2010	600
	Unit 4	100	31-Oct-2010	700
	Unit 3	100	28-Feb-2011	800
	Unit 2	100	30-Jun-2011	900
Unit 1	100	30-Oct-2011	1,000	

Station	Unit	MW	CO	Cumulative Total
<b>OCGT ANKERLIG (ATLANTIS)</b>	Unit 1	147	31-Jan-2007	147
	Unit 2	147	28-Feb-2007	294
	Unit 3	147	31-Mar-2007	441
	Unit 4	147	30-Apr-2007	588

Station	Unit	MW	CO	Cumulative Total
<b>OCGT GOURIKWA (MOSSEL BAY)</b>	Unit 1	146	28-Feb-2007	146
	Unit 2	146	31-Mar-2007	292
	Unit 3	146	30-Apr-2007	438

Station	Unit	MW	CO	Cumulative Total
<b>GAS 1 (ATLANTIS)</b>	Unit 1	147	31-May-2008	147
	Unit 2	147	30-Jun-2008	294
	Unit 3	147	30-Jul-2008	441
	Unit 4	147	29-Aug-2008	588
	Unit 5	147	28-Sep-2008	735

Station	Unit	MW	CO	Cumulative Total
<b>GAS 1 (MOSSEL BAY)</b>	Unit 1	146	31-May-2008	146
	Unit 2	146	30-Jun-2008	292

Station	Unit	MW	CO	Cumulative Total
<b>INGULA PROJECT BRAAMHOEK PUMPED STORAGE SCHEME</b>	Unit 1	333	31-Mar-2012	333
	Unit 2	333	30-Jun-2012	666
	Unit 3	333	30-Sep-2012	999
	Unit 4	333	31-Dec-2012	1,332

Station	Unit	MW	CO	Cumulative Total
<b>MEDUPI PROJECT ALPHA</b>	Unit 1	750	30-Apr-2011	750
	Unit 2	750	31-Oct-2011	1,500
	Unit 3	750	30-Apr-2012	2,250
	Unit 4	750	31-Oct-2012	3,000
	Unit 5	750	30-Apr-2013	3,750
	Unit 6	750	31-Oct-2013	4,500

**SCHEDULE 2      Supply area**

National.

**SCHEDULE 3      Tariffs and prices**

As approved by the National Energy Regulator.

**SCHEDULE 4      Generation Business**

Power Station and delivery network to licensed transmitter's intake point.



## **APPENDIX**

<b>Item No.</b>	<b>Item</b>	<b>Date of Approval</b>
1.	Eskom Generation Licence – first issue	31 August 1995
2.	Grid Code version 7	June 2003
3.	Eskom Holdings Ltd – List of defined generation assets	
4.	List of exemptions and derogations from the Grid Code applicable to Eskom Generation	19 February 2004
5.	Additional power stations	May 2007
6.	Return to service of Komati and Grootvlei	June 2007