



Licence Number: ELC/IPP/MP321/2011-2026

## ELECTRICITY GENERATION LICENCE

This licence is issued by the National Energy Regulator, hereinafter referred to as "NERSA", in terms of the Electricity Regulation Act, 2006 (Act No. 4 of 2006).

This licence is issued to:

**SHERPA TRADE & INVEST 76 (PTY) LTD**  
*(Reg No 2008/028966/07)*

hereinafter referred to as "the Licensee ", only for the purpose of generating and selling electricity generated at the facilities listed in Schedule 1.

Generation and selling of electricity under this licence is subject to the terms and conditions as contained in this licence and/or amendments to these conditions as imposed by the NERSA. These licence conditions must be adhered to at all times.

ISSUED at Pretoria on this *15<sup>th</sup>* day of *August* 2011

**Phindile Nzimande**  
**CHIEF EXECUTIVE OFFICER**  
**NATIONAL ENERGY REGULATOR**



## **DEFINITION**

In this licence:

**“The Act”** means the Electricity Regulation Act, 2006 (Act No. 4 of 2006) as amended, and includes Regulations and Rules made under the Act.

## **INTERPRETATION**

In this licence words and phrases shall have the meaning ascribed to them in the Act. Words or phrases importing the singular shall include the plural and vice versa. Headings are for convenience only and shall not affect the interpretation of the licence. Any reference to a document or a provision of a document includes an amendment or supplement to, or a replacement of, that document or that provision of that document. In the computation of time under this licence, where there is a reference to a number of days between events, they shall be counted by excluding the day on which the first event happens and including the day on which the second event happens and where the time for doing an event expires on a holiday, the event may be done on the next day that is not a holiday.

## **LICENCE CONDITIONS**

### **1 AREA OF OPERATIONS**

This generation licence is granted by NERSA to the Licensee in terms of section 4 of the Act, to allow the Licensee to generate its electricity from power generation stations listed in schedule 1 of this licence and to sell its electricity to the buyer listed in Schedule 2.

### **2 DURATION OF THE LICENCE**

This licence shall come into force on 01 August 2011 and shall continue for a period of 15 (fifteen) years .Subject to the provisions of the Act, the term of this Licence may be renewed or revoked by NERSA.

### **3 DUTIES OF THE LICENSEE**

- 3.1 The Licensee shall sell 2,5 MW produced by Sherpa Trade & Invest 76 (Pty) Ltd (Registration No: 2008/028966/07) to Carbonworx (Registration No: 2007/025193/07).
- 3.2 The Licensee shall not change the capacity or generating process of any Generation Station, without the approval of NERSA.
- 3.3 The Licensee shall comply with any restrictions and conditions imposed by the relevant government environmental and safety agencies/ legislation.
- 3.4 The Power Purchase Agreement (PPA) between Sherpa Trade & Invest 76 (Pty) Ltd and Carbon Worx (Pty) Ltd shall be part of the licence condition.

### **4 Accounts of the Licensee**

A Licensee shall:

- keep this licence and the licence conditions issued, or copies of these documents on its premises;
- maintain records of and provide, in the manner and form determined by NERSA, such information and documents as NERSA may require from time to time;
- maintain a separate information and statement of accounts for electricity generation business covered by this licence in the form prescribed by the Energy Regulator;

- prepare on a consistent basis from such records accounting statements for each financial year comprising of a profit and loss account, a balance sheet and statements of source and application of funds together with notes showing separately the amounts of revenue, costs, assets, liabilities and reserves;
- provide NERSA with audited financial statements in respect of each financial year, stating whether in their opinion the statements have been properly prepared giving a true and fair view of the revenue, costs, assets and liabilities, reserves reasonably attributable to the trading business;
- submit to the Energy Regulator copies of the accounting statements and auditor's report within 180 days of the end of the Licensee's financial year;
- allow any person authorised by the Energy Regulator to inspect and verify the accounts of the trader and trader shall render all necessary assistance to such person.

## **5 STANDARD OF PERFORMANCE**

The Licensee shall comply with the requirements of laws in force and, in particular, the Act, National Electricity Rules, relevant NRS standards, orders and directions issued by the Energy Regulator from time to time. In the event that the National Electricity Rules are inconsistent with the Code, then the National Electricity Rules prevail to the extent of such inconsistency.

## **6 SETTLEMENT OF DISPUTES**

6.1 NERSA shall be entitled to settle disputes between the Licensee and any other supplier or customer regarding –

- the right to supply;
- the quality of such supply and the provision of services in connection therewith;
- the condition on and prices at which electricity is supplied;
- the installation and functioning of meters;
- the suitability of the equipment of the Licensee;
- delays in or refusal to supply electricity by the Licensee and
- Any other matter in respect of which the Licensee or its consumers requests the NERSA to act as mediator.

6.2 Any decision of the Energy Regulator on a dispute as contemplated in section above is binding on the parties to the dispute.

## **7 Amendment of a Licence**

The conditions of this Licence may be amended by NERSA in accordance with the Act:

- with the agreement of the Licensee; or
- pursuant to and in accordance with any regulatory changes of general application related to national quality of supply and service standards.

## **8 Revocation of Licence**

This licence may be revoked by NERSA in accordance with the provisions of the Act and the Rules.

## **9 Contravention of the Licence**

The Licensee must at all times comply with the conditions of this licence, the Act and the Rules, not act in any manner that is inconsistent with this licence. In the event of contravention of this licence by a Licensee, such contraventions shall be dealt with in terms of section 19 of the Act.

## **10 Changes in the details of the Licensee**

10.1 The Licensee must notify NERSA of any changes with the details of any changes in the registered name, operation of the generation facility, registered address, contracts and other contact details.

10.2 The notifications contemplated in this section must be provided within 14 days of the event giving rise to them.

## **11 Correspondence with NERSA**

11.1 All official communication with NERSA must be in writing, unless directed otherwise by NERSA.

11.2 The Licensee must, in all correspondence with NERSA, quote the licence reference number, as it appears on the licence certificate.

## **12 Indemnity**

NERSA and its employees are not liable for any and all claims, liabilities, losses, costs, expenses (including legal fees) and damages, which a Licensee may suffer resulting from the licensed activity.

SCHEDULE 1: Generation Stations

Generating Station	Location	Type	Capacity (MW)
Graskop Power Generation Plant	Stand No: 564 KT Ext 21, Graskop, Mpumalanga GPS Coordinates S 25° 55' 21.59" E 30° 50' 30.35"	Biomass	2,5 MW

SCHEDULE 2: Power Purchasers

Power Purchaser	Contracted generation station	Duration of PPA	Capacity (MW)
Carbon Worx (Pty) Ltd	Graskop Power Generating Plant	15 YEARS	2,0 MW

Signed:   
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 Phindile Nzimande  
 Chief Executive Officer