



**REGISTRATION PROCEDURE IN TERMS OF
SCHEDULE 2 OF THE ELECTRICITY
REGULATION ACT, 2006 (ACT NO. 4 OF 2006)**

Version 2
12 October 2020

Table of Contents

DEFINITIONS	3
ABBREVIATIONS AND ACRONYMS	4
1. LEGISLATIVE PROCEDURE	5
2. SCOPE OF THE PROCEDURE	6
3. PURPOSE.....	6
4. THE OBJECTIVE OF THE PROCEDURE	6
5. GENERATION FACILITIES THAT ARE NOT ELIGIBLE FOR REGISTRATION.....	7
6. GENERATION FACILITIES THAT ARE ELIGIBLE FOR REGISTRATION	8
7. ELIGIBLE GENERATORS' REGISTRATION REQUIREMENTS.....	9
8. SUBMISSION OF A REGISTRATION APPLICATION TO NERSA.....	9
9. REGISTRATION PROCESS AND ACTIVITIES	10
10. RESPONSIBILITIES OF NETWORK SERVICE PROVIDERS	13
11. REPORTING TO THE ENERGY REGULATOR.....	14
12. STANDARD CONDITIONS FOR REGISTERED FACILITIES.....	15
13. ENFORCING COMPLIANCE	15
14. ANNEXURES.....	16

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).

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

Registered entity means the entity that has been registered by the Energy Regulator under the Act.

Small-Scale Embedded Generator (SSEG) means a customer that operates a generation facility of $100\text{kW} \leq 1 \text{ MW}$ and is connected at low voltage to a Distribution System, who is entitled to a Licence Exemption according to clause 3.1 of the Department of Mineral Resource and 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
DMRE	Department of Mineral Resources and Energy

1. LEGISLATIVE PROCEDURE

- 1.1 The National Energy Regulator of South Africa (NERSA) was established by the National Energy Regulator Act, 2004 (Act No. 40 of 2004) ('the Act') for the regulation of the Electricity Supply Industry in terms of the Act.
- 1.2 *Section 7(1)a of the Act says no person may, operate any generation, transmission or distribution facility without a licence issued by the Regulator.*
- 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.
- 1.6 On 26 March 2020, the Minister of Mineral Resource and Energy repealed the Licensing Exemption and Registration Notice, published in Government Gazette No. 41237, Vol. 629 and replaced it with the amended Licensing Exemption and Registration Notice, published in Government Gazette No. 43151, Vol. 657 ('the Notice').
- 1.7 The Notice requires generation facilities that are above 100kW but not more than 1MW and that qualify as per the Notice, to be registered by NERSA.
- 1.8 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.*

- 1.8 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 as stipulated in the Notice.
- 2.2 This procedure is not applicable to generation facilities that are not listed in the Notice or that 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 qualifying generation facilities as stipulated in the Notice to ensure compliance with the Act;
- 3.3 establish processes and procedures to be followed when registering qualifying generation facilities in terms of the Notice;
- 3.4 provide reporting requirements for registered generation facilities; and
- 3.5 ensure that NERSA has an up-to-date database of installed generation facilities that must 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 competitiveness of electricity generators; and
- 4.5 facilitate a fair balance between the interests of licensees and investors in the electricity generation industry.

5. GENERATION FACILITIES THAT ARE NOT ELIGIBLE FOR REGISTRATION

The following activities are exempt from the requirement to apply for and hold a licence under the Act and these activities are not required to be registered with the Regulator:

- 5.1 The operation of a generation facility for the sole purpose of providing standby or backup electricity in the event of, and for no longer than, an electricity supply interruption; clause 2.1 of the Notice.
- 5.2 The operation of any generation facility provided that:
 - a) irrespective of capacity (MW), the facility does not have a Point of Connection; clause 2.2.1 of the Notice; and
 - b) the facility has a capacity of no more than 100 kilowatts and has an existing Point of Connection, the Distributor keeps a register of such facilities and has prescribed the conditions relating to the continued use of the Point of Connection; clause 2.2.2 of the Notice.
- 5.3 The operation of generation facilities for which no provision has been made in the Notice.

6. GENERATION FACILITIES THAT ARE ELIGIBLE FOR REGISTRATION

The following activities are exempt from the requirement to apply for and hold a licence under the Act, but these activities must be registered with the Regulator.

- 6.1 The operation of a generation facility with a capacity of no more than 1MW and a Point of Connection on the distribution power system, in circumstances in which:
 - a) the generation facility supplies electricity to a customer or related customers with or without wheeling of that electricity, clause 3.1.1 of the Notice; and
 - b) the generator complies with the Code and has entered into a connection agreement with the holder of the distribution licence in respect of the power system over which the electricity is to be wheeled, clause 3.1.2 of the Notice.
- 6.2 The operation of a generation facility for demonstration purposes only, whether or not the facility is connected to a transmission or distribution power system, in circumstances in which:
 - a) the facility is connected to the transmission or distribution power system, and the generator has complied with the requirements of the Code, clause 3.2.1 of the Notice; and
 - b) the facility will be in operation for not more than 36 months, clause 3.2.2 of the Notice.
- 6.3 The operation of a generation facility where the electricity is produced from waste or the residual product of an underlying industrial process, in circumstances in which:
 - a) the generation facility is operated solely to supply electricity for consumption by a customer who is related to the generator or is the owner of the generation facility within the meaning contemplated in section 2 of the Companies Act, 2008 (Act No. 71 of 2008), clause 3.3.1 of the Notice; and
 - b) the generation facility complies with the Code, clause 3.3.2 of the Notice.
- 6.4 The continued operation of an existing generation facility which, immediately prior to the date of commencement of this Schedule, was exempt from the requirement to apply for and hold a licence under the Act, in circumstances in which:
 - a) the generation facility has complied with the Code and is connected to the transmission or distribution power system, clause 3.4.1 of the Notice; and
 - b) the generation facility has filed for registration with the regulator within six months of commencement of the registration process by the Regulator, clause 3.4.2 of the Notice.

- 6.5 The operation of a distribution facility up to the Point of Connection that connects the generation facility contemplated in items 3.1 to 3.4 of the Notice, where there is conveyancing of electricity through the transmission or distribution power system.

7. ELIGIBLE GENERATORS' REGISTRATION REQUIREMENTS

- 7.1 The following approvals are required before one applies for registration:
- a) the company registration certificate/ copy of identity document;
 - b) shareholding structure;
 - c) a consent letter from the licensed Network Service Provider (NSP) with confirmation, among others, that there is network capacity to accommodate the proposed embedded generator and that the generator meets the requirements of the NSP;
 - d) technical feasibility studies and technical models;
 - e) a Power Purchase Agreement between the generator and the consumer, if the generator and the buyer are not owned by the same entity;
 - f) the wheeling agreement with the NSP, if applicable; and
 - g) Environmental Impact Assessment (EIA) Record of Decision (RoD) from the Department of Water and Environmental Affairs; only applicable to Co-gen, demonstration and Biomass facilities that are above 1MW.
- 7.2 The application for registration must be made by the owner/operator of the generation facility by filling in the Registration Application Form (attached hereto as Annexure B).
- 7.3 The Registration Application Form has seven sections, namely **Section A**: Regulatory Classification; **Section B**: Particulars of the Applicant; **Section C**: Particulars of the proposed generation facility, **Section D**: Customer profile, **Section E**: Investments and economic particulars, **Section F**: Checklist, **Section G**: Declaration.

8. SUBMISSION OF A REGISTRATION APPLICATION TO NERSA

- 8.1 Section 9(2) of the Act, read with section 35(3)h, requires the application form to be accompanied by a Registration Fee (currently set at R200 per generation facility). To avoid non-compliant applications paying the registration fee and

then requesting refunds, the Energy Regulator will only require the registration fee to be paid after the application has been assessed by NERSA and once NERSA has confirmed that it meets the minimum requirements for registration.

9. REGISTRATION PROCESS AND ACTIVITIES

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.

9.1 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 hand it over to the Registration Unit team leader.
- (b) The team leader shall allocate the application to a team member (analyst), who shall evaluate the application to establish whether it qualifies for registration in accordance with the Gazetted Schedule and all required documents are accompanying the application.
- (c) If the application is not complete, the analyst shall then acknowledge receipt of the application within seven working days, stating all outstanding documents.
- (d) If it does not qualify for registration, the analyst shall acknowledge the application and 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 and its file will be closed.
- (e) If the application qualifies for registration and has all the required documents, the analyst shall request an invoice for the registration fee from the Finance Department.
- (f) The Finance Department shall send the invoice to the analyst within two working days.

- (g) After receiving the invoice, the analyst shall acknowledge the application and advise the applicant to pay the registration fee within 14 working days.
- (h) Section 9(2), read with section 35(3)h, requires the application form to be accompanied by a Registration Fee (currently set at R200 per generation facility). To avoid non-compliant applications paying the registration fee and then requesting refunds, the Energy Regulator will only require the registration fee to be paid after the application has been assessed by NERSA to confirm that it qualifies for registration and has all required documents.
- (i) Once the application fee is paid and proof of payment has been submitted to NERSA, the application will be considered complete and NERSA will proceed to process the application. The 60 days required to process the application will commence from the date of receipt of payment of the registration fee.
- (j) The analyst shall share proof of payment with the Finance Department, which shall keep a register of all applicants who have paid the registration fees.

9.2 Evaluation of an Application

- (a) Within a period of 10 working days after payment of registration fee, the analyst shall evaluate the application and prepare a draft decision and reasons for decision document and a draft registration certificate with its conditions.
- (b) The analysis of the application entails the following:
 - i. The financial analysis, which includes the investment cost and Operation and Maintenance cost.
 - ii. Technical parameters such as the installed capacity, type of technology and grid connection details.
 - iii. The Power Purchase Agreement (if applicable) shall be evaluated by extracting or summarising the legal parameters that illustrate points such as contracted capacity, tariff, contract term, dispute resolution and metering.
 - iv. The economic analysis of the project shall be based on the economic benefits such as employment during construction and operation.

- v. The tariff analysis (if applicable) shall be conducted, taking into consideration that the tariff is a bilateral tariff agreed to between the two parties. The Energy Regulator retains the legal authority to approve tariffs in accordance with section 4 (a)(ii) of the Electricity Regulation Act.
- vi. It should be noted that whether the application is for registration or licensing, the Energy Regulator is required to approve tariffs in accordance with Section 4(a)(ii) and (iii) which states that
The Regulator must
 - (i) regulate tariffs and prices;
 - (ii) register persons who are required to register with Regulator where they are not required to hold a licence.
- vii. Unlike licensing, bilateral applications for licensing shall not go through a public participation process, otherwise there would be no difference between projects that are for licensing and those that are for registration.

9.3 The Electricity Subcommittee Meeting

- (a) The analyst shall submit the application to the Electricity Subcommittee for approval within 60 working days.
- (b) The Electricity Subcommittee shall:
 - i. approve the issuance of the Registration Certificate;
 - ii. note the PPA between the generator and the customer, if applicable; and
 - iii. approve the tariff between the generator and the customer (if applicable).

9.4 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 within 20 working days.
- (b) Once approval for registration has been granted, the analyst will add the applicant to the registration database on the NERSA website (within 10 working days).
- (c) The Analyst shall also post the registration certificate on the NERSA website within 10 working days after receiving the signed registration certificate.

9.5 Record Keeping

- (a) The Registration Team administer the Registration Database.
- (b) The following details shall be captured on the internal Registration Database:
 - i. The item number
 - ii. The name of registrant
 - iii. NERSA reference number
 - iv. The technology of the generator
 - v. The installed capacity of the generation facility
 - vi. The date of registration
 - vii. The name of the Utility Owner (Eskom, Municipality, Private)
 - viii. Location; physical address, coordinates and Province
 - ix. Contact details of the owner of generation facility; name, email address
 - i. and cell phone number.
- (c) The NERSA website/public Registration Database shall consist of the following:
 - i. The item number
 - ii. The name of registrant
 - iii. The technology of the generator
 - iv. The installed capacity of the generation facility
 - v. The date of registration
 - vi. The name of the Utility Owner (Eskom, Municipality, Private)
 - vii. Location in terms of province.

10. RESPONSIBILITIES OF NETWORK SERVICE PROVIDERS

- 10.1 The NSP shall not unreasonably deny grid connection to an eligible generator in accordance with section 21(3) of the Act, which states:
A transmission or distribution licensee must, to the extent provided for in the licence, provide non-discriminatory access to the transmission and distribution power systems to third parties.
- 10.2 Any dispute between an eligible generator and the NSP may be referred to NERSA for resolution.
- 10.3 The NSP shall take all necessary steps to ensure the safety of their operating personnel with regard to generation. As a minimum, notices must be placed on

the circuits where this generation is present so that they are visible to the operators, and marking the locations on all operating diagrams.

- 10.4 The NSP must ensure that the generation facilities install appropriate protection and metering at the connection point.
- 10.5 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.
- 10.6 The NSPs must report the following information to the Energy Regulator on an annual basis (within three months after their financial year end), 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 (if energy is sold to the Municipality).

11. REPORTING TO THE ENERGY REGULATOR

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

11.2 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 Mineral Resources and Energy, the Department of Public Enterprises, the South African Local Government Association and the National Treasury.

12. STANDARD CONDITIONS FOR REGISTERED FACILITIES

12.1 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;

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

13. ENFORCING COMPLIANCE

13.1 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 or Promotion of Administrative Justice Act, 2000 (Act No. 3 of 2000).

14. ANNEXURES

Annexure A: Registration Process

PHASE I & II OF REGISTRATION PROCESS

