



**MINISTER
ENERGY
REPUBLIC OF SOUTH AFRICA**

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Mr. Jacob Modise
Chairman
National Energy Regulator of South Africa
526 Madiba Street
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Dear Sir

PROCESSING OF APPLICATIONS FOR LICENCES FOR GENERATION FOR OWN USE FACILITIES ABOVE 1MW

My office is inundated with requests for deviation for generation for own use from the Integrated Resource Plan in order to be considered for licencing by your organisation. To address a growing number of these requests, the Integrated Resource Plan (IRP2019) now has capacity provision for distributed generation.

As confirmed by the recent load shedding incidents that took place in December 2019 and January 2020, the lower than expected Eskom plant energy availability factor is a risk that requires urgent supply and demand side interventions. This risk is already identified in the IRP2019 with a clear indication that we need to explore interventions with the shortest possible lead times.

The Department has since issued a Request for Information (RFI) for supply and demand options that can be brought online in the shortest possible time.

It is evident from the IRP2019 that the Distributed Generation for own use could also provide urgent relief and reduce the energy deficit. In this regard, I approve that distributed generation for own use facilities of above 1MW be considered for licencing in line with the allocations in the IRP2019.

It must be noted that this letter is meant to complement the generation for own use approvals as per the amended Schedule 2 of the Electricity Regulation Act and replace the letter issued to you by my predecessor on the 30th April 2019.

Generation for own use referred to in this letter is for facilities that fall into the following categories and excludes those that involve local government (Provinces and municipalities) as these will be addressed separately:

- A generation facility which is connected to the national grid, in circumstances in which the generation facility supplies electricity to single customer and no wheeling of that electricity through the national grid.
- A generation facility which is connected to the national grid, in circumstances in which the generation facility is operated solely to supply a single customer or related customers by transporting electricity through the national grid where a wheeling arrangement are in place between all affected parties.

I trust that this will enable NERSA to consider all the distributed generation for own use licence applications that have been received to date and help alleviate supply and demand deficit.

The Department remain available to clarify any queries you might have.

Yours sincerely



GWEDE MANTASHE, MP
MINISTER

DATE: 01/02/2020