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THE PRESIDENCY

No. 660

5 July 2006

It is hereby notified that the President has assented to the following Act, which is hereby published for general information:—

No. 4 of 2006: Electricity Regulation Act, 2006.



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GENERAL EXPLANATORY NOTE:

- [Words in bold type in square brackets indicate omissions from existing enactments.
- Words underlined with a **solid** line indicate insertions in existing enactments.

(English text signed by the President.)
(Assented to 27 June 2006.)

ACT

To establish a national regulatory framework for the electricity supply industry; to make the National Energy Regulator the custodian and enforcer of the national electricity regulatory framework; to provide for licences and registration as the manner in which generation, transmission, distribution, trading and the import and export of electricity are regulated; and to provide for matters connected therewith.

BE IT ENACTED by the Parliament of the Republic of South Africa, as follows:—

ARRANGEMENT OF SECTIONS

Sections

CHAPTER 1	5
INTERPRETATION	
1. Definitions	
2. Objects of Act	
CHAPTER II	
OVERSIGHT OF ELECTRICITY INDUSTRY	10
3. Regulator	
4. Powers and duties of Regulator	
5. Advisory committees	
6. Customer and end user forums	
CHAPTER III	15
ELECTRICITY LICENCES AND REGISTRATION	

Act No. 4, 2006**ELECTRICITY REGULATION ACT, 2006**

8.	Activities requiring licensing	
9.	Certain activities not licensed	
10.	Registration	
11.	Application for licence	
12.	Advertising of licence application	5
13.	Information to be supplied	
14.	Finalisation of application	
15.	Conditions of licence	
16.	Tariff principles	
17.	Amendment of licence	10
18.	Revocation of licence on application	
19.	Contraventions of licence	
20.	Order by court	
21.	Renewal of licence	
22.	Powers and duties of licensee	15
23.	Powers of entry and inspection	
24.	Electricity infrastructure not fixtures	
25.	Rights over streets	
26.	Liability of licensee for damage or injury	
27.	Expropriation	20

CHAPTER IV

CHAPTER V**RESOLUTION OF DISPUTES AND REMEDIES**

42.	Resolution of disputes by Regulator	25
43.	Remedies against decisions of Regulator	

CHAPTER VI**INVESTIGATIONS**

44.	Investigations	
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CHAPTER VII

30

GENERAL PROVISIONS

45.	Entry, inspection and information gathering by Regulator	
46.	New generation capacity	
47.	Regulations, rules, guidelines, directives and codes of conduct and practice	
48.	Repeal of laws and savings	35
49.	Short title and commencement	

SCHEDULE 1**SCHEDULE 2**

CHAPTER I

INTERPRETATION

Definitions

1. In this Act, unless the context indicates otherwise—
- “**chief executive officer**” means the chief executive officer of the Regulator; 5

- “**customer**” means a person who purchases electricity or a service relating to the supply of electricity;
- “**distribution**” means the conveyance of electricity through a distribution power system excluding trading, and “distribute” and “distributing” have corresponding meanings; 10
- “**distribution power system**” means a power system that operates at or below 132kV;
- “**distributor**” means a person who distributes electricity; 15

- “**end user**” means a user of electricity or a service relating to the supply of electricity;
- “**generation**” means the production of electricity by any means, and “generate” and “generating” have corresponding meanings;
- “**generator**” means a person who generates electricity; 20
- “**integrated resource plan**” means a resource plan established by the national sphere of government to give effect to national policy;
- “**licensee**” means the holder of a licence granted or deemed to have been granted by the Regulator under this Act; 25

- “**Minister**” means the Minister of Minerals and Energy; 30

- “**National Energy Regulator Act**” means the National Energy Regulator Act, 2004 (Act No. 40 of 2004);
- “**person**” includes any organ of state as defined in section 239 of the Constitution;
- “**prescribe**” means prescribe by regulation or rule;
- “**price**” means a charge for electricity; 35
- “**Regulator**” means the National Energy Regulator established by section 3 of the National Energy Regulator Act; 40

- “**supply**” means trading and the generation, transmission or distribution of electricity;
- “**tariff**” means a charge for electricity;
- “**trading**” means the buying or selling of electricity as a commercial activity;
- “**transmission**” means the conveyance of electricity through a transmission power system excluding trading, and “transmit” and “transmitting” have corresponding meanings; 45
- “**transmission power system**” means a power system that operates above 132kV;
- “**transmitter**” means a person who transmits electricity; and
- “**this Act**” includes any regulation or rule made or issued in terms thereof.

Objects of Act

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2. The objects of this Act are to—
- (a) achieve the efficient, effective, sustainable and orderly development and operation of electricity supply infrastructure in South Africa;
- (b) 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 supply industry within the broader context of economic energy regulation in the Republic; 55

- (c) facilitate investment in the electricity supply industry;
- (d) facilitate universal access to electricity;
- (e) promote the use of diverse energy sources and energy efficiency;
- (f) promote competitiveness and customer and end user choice; and
- (g) facilitate a fair balance between the interests of customers and end users, licensees, investors in the electricity supply industry and the public. 5

CHAPTER II

OVERSIGHT OF ELECTRICITY INDUSTRY

Regulator

3. (1) The National Energy Regulator established by section 3 of the National Energy Regulator Act is the custodian and enforcer of the regulatory framework provided for in this Act. 10

Powers and duties of Regulator

4. The Regulator — 15
- (a) must —
- (i) consider applications for licenses and may issue licences for—
 - (aa) the operation of generation, transmission and distribution facilities;
 - (bb) the import and export of electricity;
 - (cc) trading; 20
 - (ii) regulate prices and tariffs;
 - (iii) register persons who are required to register with the Regulator where they are not required to hold a licence;
 - (iv) issue rules designed to implement the national government's electricity policy framework, the integrated resource plan and this Act; 25
 - (v) establish and manage monitoring and information systems and a national information system, and co-ordinate the integration thereof with other relevant information systems;
 - (vi) enforce performance and compliance, and take appropriate steps in the case of non-performance; 30
- (b) may —
- (i) mediate disputes between generators, transmitters, distributors, customers or end users;
 - (ii) undertake investigations and inquiries into the activities of licensees;
 - (iv) perform any other act incidental to its functions. 35

Advisory forums

5. The Regulator may appoint forums consisting of as many members of the Regulator, employees of the Regulator and other persons as may be necessary to advise the Regulator in general or on a particular matter.

Customer and end user forums 40

6. (1) The Regulator may establish customer or end user forums consisting of as many members of the Regulator, licensees, employees of the Regulator and categories of customers or end users as may be necessary to advise the Regulator on matters affecting customers or end users in general, or a category of customers or end users in particular.