

Licence Number: NERSA/Import & Export/01/2023

IMPORT AND EXPORT LICENCE

This Licence is issued by the National Energy Regulator of South Africa, hereinafter referred to as “NERSA”, in terms of the Electricity Regulation Act, 2006 (Act No. 4 of 2006). This Licence is issued to:

NATIONAL TRANSMISSION COMPANY SOUTH AFRICA SOC LTD
(Company Registration No: 2021/539129/30)

hereinafter referred to as ‘the Importer and Exporter’, only for the purpose of import and export of electricity outside the borders of South Africa.

Import and Export 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 NERSA. These licence conditions must be adhered to at all times.

ISSUED at Pretoria on this **14th** day of **September 2023**.



CHIEF EXECUTIVE OFFICER
NATIONAL ENERGY REGULATOR OF SOUTH AFRICA



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SCHEDULE 1 – LICENCE CONDITIONS

1. Definitions and interpretation

- 1.1 The following capitalised terms as defined hereunder will be used in the interpretation of these Licence Conditions. Capitalised terms not defined hereunder, but used in these Licence Conditions will carry the same meaning as the definitions in the Commercial Agreements or the Act (as the case may be):

Approvals	mean any permission, permit, approval, consent, authorisation, registration, grant, acknowledgement, exemption or agreement to be obtained from any Competent Authority by the Licensee under any law to enable the Licensee to undertake its obligations in respect of Import and Export.
Capacity	means contracted maximum demand and may be revised from time to time during the term of the Commercial Agreement.
Codes	mean, as applicable, any code in respect of electricity distribution or transmission or generation as published by NERSA from time to time.
Commercial Agreements	mean Power Supply Agreements (PSAs) and/or Power Purchase Agreements (PPAs) or other related agreements entered into between the respective parties.
Financial year	means a period starting from the date immediately following the last day of the preceding accounting period up to and including the last day of the accounting period.

NTCSA transmission licensee	means the operator of an independent transmission facility connected to the Southern African Development Community (SADC) grid.
Licence	means this Import and Export Licence issued to the National Transmission Company South Africa SOC Ltd by the National Energy Regulator of South Africa.
Licensed Activities	mean the activities licensed hereunder, as set out in clause 4.1 of this Licence.
Licensee	means National Transmission Company South Africa SOC Ltd.
Metering Installation	means the meter(s) and the fittings, equipment, wiring and installations related to the meter(s) at Distribution/Transmission's Points of Delivery.
National Energy Regulator of South Africa	means the National Energy Regulator of South Africa established in terms of the National Energy Regulator Act, 2004 (Act No. 40 of 2004).
National System Operator	means NTC Transmission acting as the entity licensed to be responsible for the short-term reliability of the power system, and that is in charge of controlling and operating the Transmission System and dispatching generation (or balancing the supply and demand) in real time.
NTCSA	means National Transmission Company South Africa SOC Ltd.
Point(s) of Delivery	means one or more electrical nodes on the Distribution System or Transmission System where the electricity is to be delivered or received.

Region	means the Southern African region.
Rules	mean Rules made by the Energy Regulator in terms of the Act.
SAPP Agreements	mean the agreements concluded in terms of Southern African Power Pool inter-governmental and inter-utility Memorandums of Understanding and related guiding documents and/or rules developed from time to time.
	mean/s the generators or any successor in law, selling contracted capacities from their generation facilities to the Importer and Exporter.
South African Grid Code	means the set of documents entitled 'South African Grid Code' published by NERSA, as amended, modified, extended, replaced or re-enacted from time to time.
System Operator	means the entity defined as the system operator in the South African Grid Code.
Term	means the duration of a Licence or period within which a Licence is in force.
The Act	means the Electricity Regulation Act, 2006 (Act No. 4 of 2006), and includes the Regulations made under the Act.
Import and Export	mean buying and selling electricity as a commercial activity within the area of the network service provider to or from the Region.
Import and Export Licence	means a licence issued in terms of the Electricity Regulation Act, 2006 (Act No 4 of 2006).
Transmission System	means all Eskom's lines and substation equipment where the nominal voltage is above 132kV. All other equipment operating at lower voltages are either part of the Distribution System

or classified as transmission transformation equipment (including dedicated $\leq 132\text{kV}$ lines between Transmission Substations, from generation facilities to the Transmission Substations or dedicated lines from Transmission Substations to International Customers).

2. Interpretation

In these Licence Conditions, unless otherwise specified:

- 2.1 words or phrases using the singular include the plural and vice versa;
- 2.2 headings are for convenience only and do not affect the interpretation of the licence;
- 2.3 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;
- 2.4 any reference to a numbered section is a reference to the section bearing that number in which the reference occurs; and
- 2.5 in the computation of time, where there is a reference to a number of days between events, such computation of time will 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 an event expires on a holiday, the event will take place on the next day that is not a holiday.

3. Term of Licence

- 3.1 The Licence will commence on the date of issue and continue to be in force for a period of 25 years.
- 3.2 Subject to the provisions of the Act and save for the circumstance contemplated in clause 3.1, the Term of this Licence may be renewed on application by the Licensee.
- 3.3 The Energy Regulator may set different Licence Conditions on granting approval for the renewal of the Licence, as contemplated in clause 3.2.

4. Licensed activities

- 4.1 NTCSA is licensed to:
 - 4.1.1 Import and Export electricity under this Licence; and
 - 4.1.2 Sell or procure electricity from Import/Export activities.
- 4.2 The Licensee may partake in trading arrangements as per SAPP Agreements.

- 4.3 The granting of this license to the licensee shall not in any way hinder or restrict the right of the Energy Regulator to grant a license to any other person within the same area for trading in electricity as an electricity trader. The licensee shall not claim any exclusivity.
- 4.4 The licensee shall not engage in performing the activities that constitutes anti-competitive behavior according to the South African Laws.
- 4.5 The Licensee shall establish adequate communication facilities such as telephone, email, computer and internet facilities, as well as any other accessories incidental to the Import and Export function.
- 4.6 The Licensee shall collaborate with transmission and distribution licensees operating the South African load dispatch centres with regard to all Import and Export related activities at Points of Delivery.
 - 4.6.1 to co-ordinate and co-operate in the planning, development and operation of a competitive regional electricity market based on the requirements of Member States;
 - 4.6.2 to address, in good faith, issues relating to interconnections in a spirit of co-operation and transparency; and
- 5. to act in solidarity and refrain from taking advantage of each other as per the SAPP rules or agreements. Prohibited activities:
 - 5.1 The Licensee must not buy/sell electricity other than as provided for in condition 4.

6. Standard performance

The Licensee must:

- 6.1 make available a copy of this licence for public inspection at all working days at their head office and at their registered office, if any keep this licence and the licence conditions issued, or copies of these documents on its premise;
- 6.2 place such licence on their website, if any;
- 6.3 comply with the Act and Regulations, Rules, guidelines, directives and standards issued by NERSA from time to time, save for exemptions approved by NERSA, supplemented or replaced from time to time;

- 6.4 comply with restrictions and conditions imposed by any relevant government department, agency and/or authority whose decision can have an impact on the existence of this Licence; and
- 6.5 submit to the Energy Regulator copies of the Licensee's accounting statements and auditor's report not later than nine months after the close of the year to which they relate.

7. Commercial Agreements

- 7.1 The Licensee must at all times comply with its obligations under the Commercial Agreements, subject to and in accordance with the terms and conditions of those Commercial Agreements.
- 7.2 The Licensee must keep original Commercial Agreements or copies of these documents at its premises.

8. Provision of information

The Licensee must:

- 8.1 maintain records of the operation of Import and Export activities and provide, in the manner and form prescribed by the National Energy Regulator, such information and documents as the National Energy Regulator may require from time to time for the purpose of performing functions assigned or transferred to it under the law. Records must include but not limited to Regulatory Reporting Manuals (RRMs) and Import and Export reports;
- 8.2 maintain a separate information and statement of accounts for the Import and Export business in the form prescribed by the Energy Regulator;
- 8.3 keep audited records of accounts relating to social development commitments, which must at all times be available to the Energy Regulator or its appointed agent; and
- 8.4 provide the Energy Regulator with audited financial statements for each financial year in accordance with relevant financial legislations.
- 8.5 submit to the Energy Regulator copies of the accounting statements and auditor's report within 180 calender days of the end of the Licensee's financial year.

9. Health and safety

The Licensee must comply with applicable health and safety legislation, subordinate legislation and such other requirements as may be applicable.

10. Inspection(s)

The Licensee must:

- 10.1 consent to inspection at all reasonable times to be conducted by the Energy Regulator or authorised persons on its behalf for the purpose of ascertaining the status of the Import and Export business; and
- 10.2 allow any person authorised by the Energy Regulator to inspect and verify the accounts of the Importer and Exporter, and the Importer and Exporter shall render all necessary assistance to such person.

11. Investigation(s)

- 11.1 The Energy Regulator or authorised person may on receipt of a complaint or at its own discretion conduct an investigation with regard to compliance with the Act or Licence conditions.
- 11.2 On completion of the investigation, the Energy Regulator may:
 - 11.2.1 refer the investigation report to the Director of Public Prosecutions of the area concerned; and
 - 11.2.2 if a Licensee is involved, act on the matter in accordance with the provisions of the Act.

12. Assignment of Licence

- 12.1 The Licensee may not assign, cede or transfer this Licence or any power or duty granted or imposed under this Licence, to any other person without the prior consent of NERSA.

13. Change in control of Licensee

- 13.1 The Licensee must at all times notify the Energy Regulator with the details of any changes in the registered name or operation status, as well as any change in the registered address or other contact details of the Importer and Exporter.

13.2 The Licensee must notify the Energy Regulator of any Changes in Control of the Licensee.

13.3 The notification must be provided within 14 days of the event.

14. Amendment of Licence

This Licence may be amended in accordance with the Act and the Rules.

15. Revocation of Licence

This Licence may be revoked on application by the Energy Regulator in accordance with the provisions of the Act and the Rules.

16. Contravention of Licence

16.1 The Licensee must not act in any manner that is inconsistent with the Act, Rules and this Licence.

16.2 In the event of contravention, such contravention must be dealt with in terms of the Act.

17. Correspondence with the National Energy Regulator

17.1 All official communication with the Energy Regulator must be in writing, unless directed otherwise by the Energy Regulator.

17.2 The communication can be sent by any means possible including post, fax, email and hand delivery.

17.3 The Licensee must, in all correspondence with the Energy Regulator, quote the licence reference number, as it appears on the Licence Certificate.

18. Whole Licence

This Licence constitutes the entire licence and supersedes all prior understandings and agreements between the Licensee and the Energy Regulator.

19. Dispute resolution

Save for the provisions of the Agreements:

- 19.1 the Energy Regulator may act as mediator if so requested by the parties to settle a dispute; or
- 19.2 the Energy Regulator may appoint a suitable person to act on its behalf towards the settlement of the dispute, and any action or decision of a person so appointed is deemed to be an action by, or decision of, the Energy Regulator.

SCHEDULE 2 – IMPORTED ENERGY DETAILS

Trading partner	Country	Contract type	Contracted capacity		Commencement date	Expiry date
			Firm capacity	Non-firm capacity		
Hidroelectrica de Cahora Bassa (HCB)	Mozambique	Power Purchase Agreement (PPA)	1 150 MW firm			31 March 2030
Lesotho Electricity Company (Pty) Ltd (LEC)	Lesotho	PPA		Excess non-firm capacity	1 June 2005	Indefinite

SCHEDULE 3 – EXPORTED ENERGY DETAILS

Trading partner	Country	Contract type	Contracted capacity		Commencement date	Expiry date
			Firm capacity	Non-firm capacity		
Botswana Power Corporation (BPC)	Botswana	Power Supply Agreement (PSA)	0 MW	As per network capacity and availability	1 April 2023	31 March 2024
Copperbelt Energy Corporation (CEC)	Zambia	PSA	0 MW	As per network capacity and availability	1 April 2023	31 March 2024
Namibia Power Corporation (NamPower)	Namibia	PSA	100 MW	Up to 300 MW	1 April 2022	31 March 2025
Zimbabwe Electricity Transmission and Distribution Company (ZETDC)	Zimbabwe	PSA	100 MW	Up to 300 MW	1 April 2022	31 March 2025
Mozambique Transmission Company (Motraco)	Mozambique	PSA	950 MW	N/A	15 October 1998	31 December 2025
Eswatini Electricity Corporation (EEC)	Eswatini	PSA	170 MW	N/A	November 2000	31 August 2025

Trading partner	Country	Contract type	Contracted capacity		Commencement date	Expiry date
			Firm capacity	Non-firm capacity		
Lesotho Electricity Company (Pty) Ltd (LEC)	Lesotho	PSA	90 MW	N/A	1 June 2005	Indefinite
NamPower-Orange River Cross Border Supply (ORCS)	Namibia	PSA	36 MW	NA	October 1986	To be reviewed
Electricidade de Mocambique (EDM)	Mozambique	PSA	Standby up to 300 MW	N/A	30 June 2011 (amended contract)	31 March 2030