

Licence Number: NERSA/TRD06/2023

TRADING 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 Trader’, only for the purpose of trading in electricity within the borders of South Africa.

Trading 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

- 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 Electricity Regulation Act, 2006 (Act No. 4 of 2006) (as the case may be).

Approval	means 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 trading.
Code	means, as applicable, any code in respect of electricity distribution or transmission or generation as published by the National Energy Regulator of South Africa from time to time.
Commercial agreement	means Generator/Customer Power Purchase Agreement (G/CPPA) established Connection Agreement, Distributor Consent, Wheeling Agreement, Use of System Agreement and Memorandum of Understanding between the respective parties.
Customer	means the customer referred to in Schedule 3 who will be supplied by the Trader
Delivery point	means the physical point(s), where a Generation facility connects to the relevant network substation and the physical point(s) where the energy output will be delivered by the Licensee to Customers.
Distribution system	means network infrastructure consisting of assets operated at a nominal voltage of 132 kV

	or less, not classified as transmission transformation equipment.
Energy output	means energy (expressed in MWh) delivered to the Trader or Customers.
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.
Generation facilities	means the generation facilities referred to in Schedule 2.
Licence	means this trading 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 the 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 Delivery Point(s).
MW	means megawatt.
MWh	means megawatt hour.
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).
	means Transmission acting as the entity licensed to be responsible for 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.

NIPS

means the National Integrated Power System.

NRS 048

means the quality of supply specification issued by the South African Bureau of Standards, as revised from time to time or as replaced by a national standard.

NRS 057

means the Code of Practice for Electricity Metering issued by the South African Bureau of Standards, as revised from time to time or replaced by a national standard.

NRS 057

means the Code of Practice for Electricity Metering issued by the South African Bureau of Standards, as revised from time to time or replaced by a national standard.

**Negotiated Pricing Agreement
or NPA**

means a contracted (nonstandard) pricing agreement between Distribution and a customer at tariffs different from the Distribution Retail Standard Tariffs.

Reactive energy output

means reactive energy (expressed in MVarh) as measured at the point of delivery, being the product of voltage and current, and the *sine* of the phase angle between them integrated over any period.

Rules

means Rules made by the National Energy Regulator of South Africa in terms of the Electricity Regulation Act, 2006 (Act No. 4 of 2006).

Seller

means the generator or any successor in law, selling contracted capacities from its generation facilities to the Trader.

South African Grid Code Term	means 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 Regulations made under the Act.
Time-of-use tariff or TOU	means a tariff with energy charges that change during different TOU periods and seasons.
TOU period	means the time block based on the volume of electricity demand during high, mid and low demand periods and may differ per day of the week, during a public holiday or season. The TOU periods typically are peak, standard and off-peak periods and differ during high and low demand seasons.
Trading	means buying and selling electricity as a commercial activity within the area of the network service provider.
Trading area	trading will be with all Generation facilities and Customers within South Africa as indicated in Schedules 2 and 3 respectively.
Trading 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 with a nominal voltage above 132kV. All other equipment operating at lower voltages are either part of the distribution system or classified as transmission transformation equipment (including dedicated ≤ 132 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 importing 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 doing an event expires on a holiday, the event will be done 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 5 years.
- 3.2 Subject to the provisions of the Electricity Regulation Act, 2006 (Act No. 4 of 2006) ('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 National Energy Regulator of South Africa (NERSA) may set different licence conditions upon approving the licence renewal as contemplated in clause 3.2.

4. Licensed Activities

- 4.1 Trading shall be carried out by the Trader who has entered into appropriate agreements with the Generator facilities and Customers regarding the supply of electricity through trading, and payments for the electricity shall be included in such agreements.
- 4.2 The granting of this licence to the Licensee shall not, in any way, hinder or restrict the right of the Energy Regulator to grant a licence to any other person within the same area for trading in electricity as an electricity trader. The Licensee shall not claim any exclusivity.

- 4.3 Trading of electricity shall occur between generators and customers once approved by the Energy Regulator. as listed in schedules 2 and 3 once approved by the Energy Regulator. The Licensee is required to apply for an amendment to update generators or customers listed in schedules 2 and 3 respectively on an annual basis.
- 4.4 The Trader shall establish adequate communication facilities, such as telephone, email, computer, internet facilities, and any other accessories incidental to the trading function.
- 4.5 The Trader shall collaborate with transmission and distribution licensees operating the South African load dispatch centres concerning all trading-related activities.
- 4.6 Metering, billing and settlements will be performed by the Trader in consultation with network owners.
- 4.7 The Licensee shall not engage in performing the activity that constitutes anti-competitive behaviour according to the South African Laws.
- 4.8 The Licensee shall perform the licensed activity in conformity with the economic efficiency principles and the objective to achieve the lowest costs with the defined quality and performance standards.
- 4.9 The licensee shall form and conduct customer end use forums as per the Act.

5. 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 keep this licence and the licence conditions issued, or copies of these documents on its premises and make available a copy of this licence for public inspection at all working days at their head office or registered office;
- 6.2 shall 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 the Energy Regulator, supplemented or replaced from time to time;

- 6.4 comply with restrictions and conditions imposed by any relevant government department, agency and/or authority which its decision can have an impact on the existence of this licence; and

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.
- 7.3 The Licensee must, at all times, provide a Connection Agreement for each delivery point as and when required to do so or provide a copy of a current and valid Connection Agreement to NERSA, amendments variations and/or ratification of Power Purchase and Connection Agreements must not be made without the prior written approval of NERSA.

8. Tariff

- 8.1 The Licensee must sell electricity to its customers, at the tariff approved by NERSA.
- 8.2 Notwithstanding subsection 8.1, NERSA may, in prescribed circumstances, approve a deviation from set or approved tariffs.

9. Provision of Information

The Licensee must:

- 9.1 maintain records of the operation of trading and provide, in the manner and form prescribed by NERSA, such information and documents as NERSA may require from time to time to perform functions assigned or transferred to it under the law. Records must include Regulatory Reporting Manuals (RRMs) and trading reports;
- 9.2 maintain separate information and statement of accounts for the trading business in the form prescribed by NERSA;
- 9.3 keep audited records of accounts relating to social development commitments. These records must, at all times, be available to NERSA or its appointed agent; and

- 9.4 provide NERSA with audited financial statements for each financial year in accordance with relevant financial legislation.

submit to NERSA copies of the accounting statements and auditor's report within 180 calendar days of the end of the Licensee's financial year.

10. Health and Safety

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

11. Inspection

The Licensee must:

- 11.1 consent to inspection at all reasonable times to be conducted by NERSA or authorised persons on its behalf to ascertain the status of the trading business;
- 11.2 allow any person authorised by NERSA to inspect and verify the accounts of the Trader and shall render all necessary assistance to such person.

12. Investigation

- 12.1 NERSA or authorised person may, on receipt of complaint or at its own instance, conduct an investigation with regard to compliance with the Act or Licence conditions.
- 12.2 On completion of the investigation, NERSA may:
- 12.2.1 refer the investigation report to the Director of Public Prosecutions of the area concerned; and
- 12.2.2 if a Licensee is involved, act on the matter in accordance with the provisions of the Act.

13. Assignment of Licence

- 13.1 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.

14. Changes in Control of Licensee

- 14.1 The Licensee must, at all times, notify NERSA with the details of any changes in the registered name, operation status of the Trader, registered address and other contact details.
- 14.2 The Licensee must notify NERSA of any Changes in Control of the Licensee.
- 14.3 The notification must be provided within 14 days after the event.

15. Amendment of Licence

- 15.1 This licence may be amended in accordance with the Act and the Rules.

16. Revocation of Licence

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

17. Contravention of Licence

- 17.1 The Licensee must not act in any manner that is inconsistent with the Act, Rules and this licence.
- 17.2 In the event of contravention, such contravention must be dealt with in terms of the Act.

18. Correspondence with NERSA

- 18.1 All official communication with NERSA must be in writing, unless NERSA has directed otherwise.
- 18.2 The communication can be sent by any means possible, including post, fax, email and hand delivery.
- 18.3 In all correspondence with NERSA, the Licensee must quote the licence reference number as it appears on the licence certificate.

19. Whole Licence

- 19.1 This licence supersedes all prior understandings and agreements between the Licensee and NERSA.

20. Dispute Resolution

Save for the provisions of the Agreements, NERSA may:

- 20.1 act as a mediator if so requested by the parties to settle the dispute; or
- 20.2 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 NERSA.