



Communication to Resellers on the Nersa “Guidelines on electricity resale” document

Nersa (the National Energy Regulator of South Africa) has approved a document called “the Guidelines on electricity resale”. Please note that compliance to this document is required by Nersa and this will be applicable to all new electricity supply agreements with Eskom.

This Guideline for the full details is attached but can also be found on the Nersa website at: <http://www.nersa.org.za/Admin/Document/Editor/file/Electricity/Legislation/Methodologies%20and%20Guidelines/Guidelines%20on%20Electricity%20Resale.pdf>

According to Nersa the objectives of the document are to establish an environment that is efficiently regulated and where licensees can perform, monitor and supervise the following with regard to resellers:

- Tariffs
- Billing
- Standards of service and supply
- Eliminating unfair methods
- Disconnections
- Disputes

What is a Reseller?

- Resellers are non-licensed traders of electricity (sectional title and shopping centres).
- Eskom supplies these normally with a bulk supply and they reticulate and provide supply to their end-users.

Obligations that the Guideline places on the Reseller

- Resellers must take meter readings, provide consumption and test meters.
- A reseller must communicate to its customers – in particular re disconnections.
- Must operate and maintain its electricity networks in a manner as if it were licensed including quality of supply
- Common use electricity must be charged for by dividing by the number of customer.



- Reseller must provide emergency numbers, respond to power failures in reasonable time and must inform its customers of the procedure for reporting faults
- Reseller must provide Licensee with info on customer categories and the draft invoice (consumption and tariff) .
- Resellers must familiarise themselves with the Licensee's (in this case Eskom's) tariff.
- Prepaid meters should comply with NRS 057 and receipts should show the breakdown of costs.
- Must provide information on tariffs.
- Tariffs must at rates identical to the approved equivalent tariff of the Licensee. This means that no additional costs such as prepaid vending fees may be recovered in the electricity tariffs.
- Resellers may not charge in addition to this tariff other electricity costs (even if there is a shortfall – also may in contravention to the Sectional Title Act). Therefore the tariff rates and tariff structure according to which electricity is resold must be identical to the approved tariff rates and tariff structure that would have been applicable had the customer been supplied with electricity by the supplying licensee.
- If the tariff charged is higher the reseller may face civil proceedings.
- Reseller must submit information required by the guidelines to the Licensee.
- Complaints from end-use customers about tariff, billing or service quality to be first be raised with the reseller and if not resolved then referred to the Licensee and if not resolved then to Nersa.
- A complaint facility must be provide by the reseller.

Obligations that the guideline places on Eskom and the Reseller

The guideline places obligations on the Reseller and Eskom that will be enforced through the Eskom supply agreement i.e. Eskom must contract that the reseller must comply with the guidelines. These obligations are:

- Eskom must complete a service level agreement with the reseller.
- The reseller's distribution system must comply with the safety standard applied by the Distributor to its own networks.
- The reseller distribution system will be subject to inspection and approval by the Licensee.
- The reseller must comply with all legal requirements and free the licensed authority from all obligations related to the safety of the resellers network.
 - All customers within a development will have the right to request a direct supply (this will be subject to Eskom conditions).
 - Resellers must register with the Licensee (i.e. Eskom).



- Registration can be completed in a manner deemed fit by the Licensee.
- The Distributor must report to NERSA:
 - Data on all new bulk connections:
 - Date of registration
 - Installed capacity
 - Name and account
 - Stand or erf number
 - Tariff complaints received
 - Disputes between reseller and Licensee to be referred to Nersa

The Implementation of the Guideline to Resellers

From 1 July Eskom will comply with the Guidelines in the following manner:

- Clauses will be contained in the electricity supply agreement for the bulk supply that will identify the areas that a reseller must be compliant
- Recourse for non-compliance will be referral to NERSA after Eskom does not succeed in resolving the dispute, after which Nersa decision will be final.
- Disputes and non-compliance by the reseller
- Eskom to register all resellers and provide NERSA with the updates.
- For customers in the process of being quoted/connected and where no agreement is yet been signed, the new agreement must be used.

