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Title: **Demand charge exemption policy** Document Identifier: **240-56403611**

Alternative Reference Number: **N/A**

Area of Applicability: **Eskom Holdings SOC Ltd**

Functional Area: **Distribution**

Revision: **4**

Total Pages: **10**

Next Review Date: **August 2028**

Disclosure Classification: **Controlled Disclosure**

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<p>Date: 01 December 2023</p>	<p>Date: 01 December 2023</p>	<p>Date: 01 Dec 2023</p>	<p>Date: 06 Dec 2023</p>

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1. INTRODUCTION

Eskom's retail tariffs consist of three components: network, energy, and retail components. At times, customer's plants may undergo abnormal events outside their normal operation, including Eskom and/or customer induced events, which could potentially lead to customer incurring additional charges. When these events occur at the customers' plant, a customer may require concession from Eskom or alternatively Eskom may consider providing concession in terms of additional charges in terms of this policy.

This policy is compiled to complement Eskom's Notified Maximum demand (NMD) and Maximum Export Capacity (MEC) Rules approved by NERSA.

2. POLICY CONTENT

2.1 POLICY STATEMENT

Eskom shall grant demand charge exemptions to qualifying Eskom direct customers on demand- related tariff components.

2.2 POLICY PRINCIPLES OR RULES

2.2.1 Eskom will consider customer applications made in writing in accordance with the criteria, conditions and rules set out in this policy and aligned to the conditions stipulated in Eskom's Notified Maximum demand (NMD) and Maximum Export Capacity Rules (MEC) rules.

2.2.2 Except in circumstances where it is not possible for the customer to plan in advance, the customer is required to apply in advance for a demand charge exemption.

2.2.3 Upon granting demand exemptions, Eskom will consider revenue recovery for Eskom and unjustifiable penalties to customers on demand related tariff components under the following conditions:

- Eskom-induced supply interruptions, Eskom forced outages (except load shedding events) and Force Majeure (i.e., uncontrollable events).
- A new customer without any previous electricity consumption and electricity generation records with Eskom requesting a commissioning agreement.
- An existing customer requesting an exemption due to testing of new plant and equipment.
- An existing customer requesting concession due to refurbishment of existing plant and equipment.
- An existing customer requesting concession during testing of new and existing plant and equipment – exceeding the current NMD and/or MEC.
- An existing customer requesting concession on chargeable demand (network demand charge) for business start-up.
- An existing customer with planned once-off annual event that results in a once-off exceedance of the NMD in 12 month rolling period (excluding own generator related events).
- An existing customer that is exceeding the NMD but has applied for a supply upgrade through temporary increase in NMD.

- Demand charge exemptions due to changes in network configuration for Transmission connected customers.
- Demand charge exemptions for load-to-load wheeling (Eskom wheeling through customer network) where Eskom exceeds NMD at the wheeling point.
- An existing customer with a generation facility requests concession due to a generation facility not being in operation– resulting in the exceedance of the current NMD.
- An existing generator customer is unable to generate electricity due to an Eskom induced network event, is requesting waiver of the network charges.
- An existing customer requests concession as a result of a metering/billing error which results in NMD/MEC excess charges being payable.
- An existing customer is requesting concession to exceed NMD/MEC during periods at which Eskom is able to allow such exceedance and will pay the additional chargeable demand in the month in which the exceedance occurs.
- Customers voluntarily participating in Eskom’s demand management initiatives.
- Demand charge exemption requests due to failure of meter pulses or failure of load management systems (including power factor correction equipment).
- An exemption granted to an existing generator customer exceeding its NMD when consuming power from the Eskom grid but providing voltage support to Eskom.
- Waiving of excess charges and resetting of UC when Eskom is managing customers NMD.
- Customer request for an early reduction of the NMD/MEC in cases of hardship experienced (i.e., severe downturn of economy, bankruptcy).

2.2.4 Demand exemptions will be granted to customers where demand is measured (typically large power user tariffs) and on the following tariff components:

<ul style="list-style-type: none"> • Charges linked to the chargeable demand/capacity value
<ul style="list-style-type: none"> ○ Network demand charge (NDC)- only for charges raised in kVA;
<ul style="list-style-type: none"> ○ Energy demand charge (EDC); and
<ul style="list-style-type: none"> ○ Maximum export capacity (MEC);
<ul style="list-style-type: none"> • Charges based on annual utilised capacity (AUC)
<ul style="list-style-type: none"> ○ Network capacity charge (NCC);
<ul style="list-style-type: none"> ○ Urban low voltage subsidy charge;
<ul style="list-style-type: none"> • Monthly utilised capacity (MUC);
<ul style="list-style-type: none"> ○ Service charges (charged per account); and
<ul style="list-style-type: none"> ○ Administration charges (charged per premise
<ul style="list-style-type: none"> • Reactive energy Charges

- 2.2.5** Should an exemption be granted on demand/capacity, the demand/capacity relating to any of the tariff components as set out above will be adjusted to determine the resultant tariff component charges after an exemption.
- 2.2.6** Eskom's Notified Maximum demand (NMD) and Maximum Export Capacity Rules (MEC) rules will apply for restating the NMD and/or MEC.
- 2.2.7** Demand charge exemptions in line with this policy are to be viewed on a case-by-case basis in accordance with paragraph 3.5. A customer may apply for an exemption for each individual demand that have been affected by the incident that gave rise to the exemption request. Eskom reserves the right to decline an application for a concession where there is already another existing demand exemption concession in place or where an exemption for the same scenario has been previously granted.
- 2.2.8** Eskom will not grant exemptions to customers currently exceeding their contracted NMD/MEC.
- 2.2.9** Eskom will not grant exemptions to customers as a result of natural disaster-related incidents unless specifically provided for in terms of the procedure relating to force majeure incidents.
- 2.2.10** Eskom will not grant demand charge exemptions to customers for demand overshoots or NMD exceedance as a result of load shedding, except where there are other incidences such as an unplanned Eskom network outage coupled with load shedding which caused the outage to be longer than the scheduled load shedding period.
- 2.2.11** All applications not provided for in this policy, shall be submitted to the Divisional Pricing Committee (DPC) for consideration. The applications must be signed by the Pricing Manager for the Cluster before submission to the DPC.
- 2.2.12** Depending on the scenario an administration fee may be payable for demand charge exemption applications arising from customer-induced incidences.

3. SUPPORTING CLAUSES

3.1 SCOPE

3.1.1 Purpose

The document outlines the policy principles when considering granting demand charge exemption to customers.

3.1.2 Applicability

This policy shall apply throughout Eskom Holdings SOC Limited Divisions.

3.1.3 Effective date

This policy shall be effective from the date indicated on page 1 of this document.

3.2 NORMATIVE/INFORMATIVE REFERENCES

Parties using this policy/directive shall apply the most recent edition of the documents listed in the following paragraphs.

3.2.1 Normative

- [1] 240-56403554, Demand charge exemption procedure
- [2] Distribution Division Delegation of Authority
- [3] Eskom's Standard Conditions of Supply Annexure
- [4] Policy on Power Quality and Customer Claims – PBAAS9
- [5] 240-58853865, Connection charges for customers connected to Eskom's distribution network (Policy)
- [6] Eskom's Notified Maximum demand (NMD) and Maximum Export Capacity Rules (MEC) rules
- [7] Electricity Pricing Definitions document (Ref 34-359(0))
- [8] DUoS charges Policy 34-141 and Procedure 34-142.
- [9] Eskom's schedule of standard prices.

3.2.2 Informative

- [10] ISO 9001 Quality Management Systems
- [11] The Electricity Regulation Act as amended
- [12] The Distribution Licence
- [13] The Distribution Code and the SA Grid Code.

3.3 DEFINITIONS

Definition	Explanation
Chargeable demand	The highest average demand as measured in kVA in a 30-minute integrating period, per point of delivery/premise during the chargeable time periods for the applicable tariff. The network demand charge is recovered on the chargeable demand.
Maximum Export Capacity	The maximum capacity measured in 30 (thirty) minute integrating periods at the Point(s) of Supply notified by the customer and accepted by ESKOM for the transmission of electrical energy between the Facility and the Distribution System.
Monthly utilised capacity	Higher of the customer's notified maximum demand or maximum demand and the actual maximum demand, measured in kVA or kW, registered during the billing month.

3.4 ABBREVIATIONS

Abbreviation	Description
AUC	Annual Utilised Capacity
DMP	Demand Market Participation
DSM	Demand-side management
EDC	Energy Demand Charge
DPC	Divisional Pricing Committee
MEC	Maximum Export Capacity
MUC	Monthly Utilised Capacity
NCC	Network Capacity Charge
NDC	Network Demand Charge
NERSA	National Energy Regulator of South Africa
NMD	Notified Maximum Demand
SOC	State Owned Company
UC	Utilised Capacity

3.5 ROLES AND RESPONSIBILITIES

3.5.1 Eskom will consider customer applications made in writing in accordance with the criteria, conditions and rules set out in the policy principles and aligned to the conditions stipulated in Eskom's Notified Maximum demand (NMD) and Maximum Export Capacity Rules (MEC) rules. All applications will be processed through the cluster pricing manager.

3.5.2 Except in circumstances where it is not possible for the customer to plan in advance, the customer is required to apply in advance for a demand charge exemption through the cluster pricing manager.

3.6 PROCESS FOR MONITORING

Eskom's internal auditors will, from time to time, conduct internal audits to ensure compliance with this policy.

4. AUTHORIZATION

This document has been seen and accepted by:

Name	Designation
Shirley Salvoldi	Corporate Specialist: Electricity Pricing
Divisional Pricing committee	
Regulation, Policy & Economic committee	

5. REVISIONS

Date	Rev.	Remarks
October 2005	1	Previous revision had passed its revision date and policy had changed
April 2009	2	Added section 2.7. Demand Exemption at the time of load shedding, to differentiate between planned and unplanned load shedding events. Also updated all other sections in the document.
January 2010	0	Previous revision had passed its revision date.
April 2013	1	Previous revision had passed its revision date. Incorporation of demand charge exemptions for generators. Incorporation of planned once-off annual events.
June 2016	2	Incorporation of the following scenarios: <ol style="list-style-type: none"> 1. Treatment of existing customer that is exceeding the NMD but has applied for a supply upgrade through temporary increase in NMD. 2. Demand charge exemption due to changes in network configuration for direct Transmission connected customers 3. Demand charge exemptions for load-to-load wheeling (Eskom loads wheeling through customer network) energy to Eskom customers where Eskom exceeds NMD at the wheeling point. 4. Existing customer requests concession due to own generation facility not being in operation– resulting in the exceedance of the current NMD. 5. Existing customers requesting concession as a result of a metering error which results in NMD/MEC excess charges being payable. 6. An existing generator customer is unable to generate electricity due to an Eskom induced network event, is requesting waiver of the network and other fixed charges. 7. Existing customers requesting or concession on chargeable demand (network demand charge) for business start-up. 8. Clarification of how early reduction of NMD is granted. 9. Incorporation of meter pulses policy 10. Incorporation of policy position regarding natural disasters. 11. In general clarification of all scenarios.

Date	Rev.	Remarks
November 2017	3	<ol style="list-style-type: none"> 1. Incorporation of the following scenario: <ul style="list-style-type: none"> - An exemption granted to an existing generator customer exceeding its NMD when consuming power from the Eskom grid due to providing voltage support to Eskom. 2. Clarified exemption granted due to Eskom induced or Force Majeure Events that result in the demand that is lower than the customer's normal demand. 3. Updated section dealing with "concession due to a generation facility not being in operation" to cater for unplanned events. 4. Included conditions for customers intending to resume normal operations after a Force Majeure Event or where a plant is in business rescue under the early reduction of NMD section. 5. In general clarification of all scenarios and updating all the figures.
July 2023	4	<ol style="list-style-type: none"> 1. Policy and procedure update: Previous revision had passed the revision date. 2. Incorporate the scenario on Waiving of excess charges and resetting of UC when Eskom is managing customers NMD. 3. Clarification on the sections dealing with demand exemptions for hardship in the procedure. 4. Update on the scenarios dealing with exemptions due to load shedding. 5. Included the process for adjustment of accounts where the demand exemption has been approved in the procedure.

6. DEVELOPMENT TEAM

The following people were involved in the development of this document:

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7. ACKNOWLEDGEMENTS

Not applicable.