

Congestion Curtailment Practice Note

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In partnership with



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PRACTICE NOTE ON HOW APPLICATIONS FOR CONGESTION CURTAILMENT CAPACITY WILL BE PROCESSED

1. BACKGROUND

- 1.1. On 29 April 2025, the National Energy Regulator of South Africa (NERSA) approved the National Transmission Company South Africa (NTCSA)'s application for congestion curtailment to be classified as a constrained generation ancillary service.
- 1.2. This decision aims to unlock grid connection capacity and increase energy availability, particularly in the Eastern Cape and Western Cape—regions with significant renewable energy potential. The approval is effective from 1 April 2025 to 31 March 2028, corresponding to the Multi-Year Price Determination 6 (MYPD6) period, and is subject to specific conditions.
- 1.3. The reason for decision document was published by NERSA on 20 June 2025. The approved congestion curtailment mechanism applies to both public and private IPP projects.

2. PRINCIPLES AND CONDITIONS UNDER WHICH CONGESTION CURTAILMENT WILL BE APPLIED

- 2.1. The congestion curtailment mechanism is currently a pilot project.
- 2.2. Any Independent Power Producer (IPP) on the system can be curtailed should the system conditions require it.
- 2.3. The NERSA approval for the compensation of congestion curtailment is only for the 3 years of the MYPD 6 period, after which it will be reviewed. Therefore, all IPPs choosing to apply for this related capacity, rather than waiting for the related strengthening project completion, need to be made aware of this.
- 2.4. The key benefit of this pilot is that it enables customers to connect to the grid earlier than would otherwise be possible, addressing immediate capacity constraints.
- 2.5. Congestion curtailment provides a mechanism to connect more generation capacity than the grid would normally allow, by enabling occasional curtailment of generation—particularly wind projects—when grid constraints occur.
- 2.6. The curtailment mechanism is currently restricted to wind projects located in the Eastern Cape and Western Cape provinces.

2.7. Congestion Curtailment Capacity allocation will be undertaken in accordance with existing Eskom processes for capacity allocation and scope change as contained in the generator connection application form and quotation documents read together with the Interim Grid Capacity Allocation Rules (IGCAR).

3. PURPOSE

3.1. The purpose of this practice note is to provide information on how applications for congestion curtailment capacity will be processed.

4. APPLICABILITY OF CONGESTION CURTAILMENT

4.1. NERSA approved curtailment only for wind technology projects located within Eastern Cape and Western Cape provinces.

4.2. All projects *except* those with valid Budget Quotes (BQs) and those that have achieved BQ effectiveness, are eligible for congestion curtailment as follows and as depicted in **Figure 1** of Annexure A:

- a) New applications,
- b) Applications that have been received and await Cost Estimate Letters (CELs),
- c) Applications that have proceeded to BQs request and are in the IGCAR evaluation process,
- d) Applications that have been allocated grid capacity provisionally and will be furnishing the Grid Capacity Allocation Guarantee (GCAG),
- e) Applicants that have provided the GCAG and are at various stages of BQ development.

4.3. Projects that have valid BQs or have achieved BQ effectiveness are excluded because these projects have already been factored into the assumptions for upstream network development plans.

5. PROCESS TO BE FOLLOWED

5.1. **All customers** may apply for connection capacity that is subject to congestion curtailment. Customers who apply will be issued with new CELs within normal

CEL lead times. The CEL will indicate whether congestion curtailment is applicable and may include the updated terms and conditions pertaining to curtailment.

5.2. Congestion curtailment capacity will be reserved after the successful IGCAR process for projects that are yet to be issued with CELs or in the IGCAR assessment process. Customers are reminded that as per the normal process grid capacity is provisionally reserved after successful IGCAR assessment.

5.3. Eskom has undertaken a network study to determine the hosting capacity that will be created through congestion curtailment. This will be communicated through the Generation Connection Capacity Assessment (GCCA) addendum to be published before 31 October 2025.

5.4. Annexure B depicts the curtailment capacity allocation process as described below.

5.5. New applications:

- a) A completed manual application form must be submitted;
- b) A cost estimate fee (CEF) payment is required;
- c) A CEL will be issued within normal timelines with the relevant scope that may consider curtailment;
- d) The customer must then request BQ as per the norm and the project will then undergo an IGCAR assessment;
- e) Capacity will be reserved once all IGCAR requirements have been met, including requirements relating to the issuance of a Grid Capacity Allocation Guarantee (GCAG). The technical solution may entail congestion curtailment.

5.6. Applications that have been received and await CELs:

- a) A CEL will be issued within normal timelines with the relevant scope that may consider curtailment;
- b) The customer must then request BQ as normal, and the project will then undergo an IGCAR assessment;
- c) Capacity will be reserved once all IGCAR requirements have been met, including requirements relating to the issuance of a GCAG. The technical solution may entail congestion curtailment.

5.7. Applications that have proceeded to BQ request and are in the IGCAR process:

- a) The IGCAR process will proceed as normal;

- b) Capacity will be provisionally reserved once all IGCAR requirements have been met;
- c) Once the new CEL is issued, customers may accept the CEL and request a BQ which will be developed based on the new CEL. The technical solution may entail congestion curtailment. A consent letter including requirements relating to the issuance of a GCAG will be issued to the Customer;
- d) If quotation fee is reduced due to new CEL, the costs will be credited towards other Eskom costs which will be reflected in the BQ.

5.8. Applications that have been provisionally allocated capacity and will be issuing GCAG:

- a) Once the new CEL is issued, customers may accept the CEL and request a BQ which will be developed based on the new CEL. The technical solution may entail congestion curtailment. A consent letter including requirements relating to the issuance of a GCAG will be issued to the Customer;
- b) If quotation fee is reduced due to new CEL, the costs will be credited towards other Eskom costs which will be reflected in the BQ.

5.9. Applicants that have provided the GCAG and are at various stages of BQ development:

- a) Customers have an option to continue with current scope (without consideration of congestion curtailment capacity) or may apply for a new CEL as per 5.5.
- b) Should the customer cancel or fail to advance the existing project, the ensuing consequences including but not limited to capacity revocation and/or forfeiture of the GCAG will be regulated by IGCAR.

End.

Annexure A

Congestion curtailment capacity allocation process flow chart

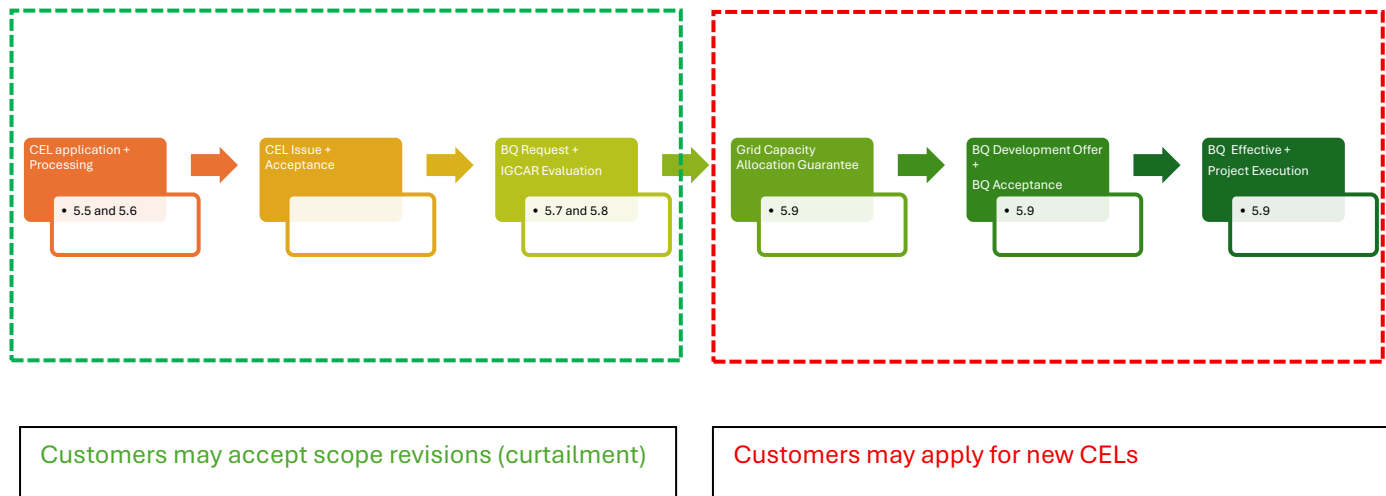


Figure 1: Eligibility criteria for congestion curtailment capacity

5.1. and 5.2. New application or Awaiting CEL

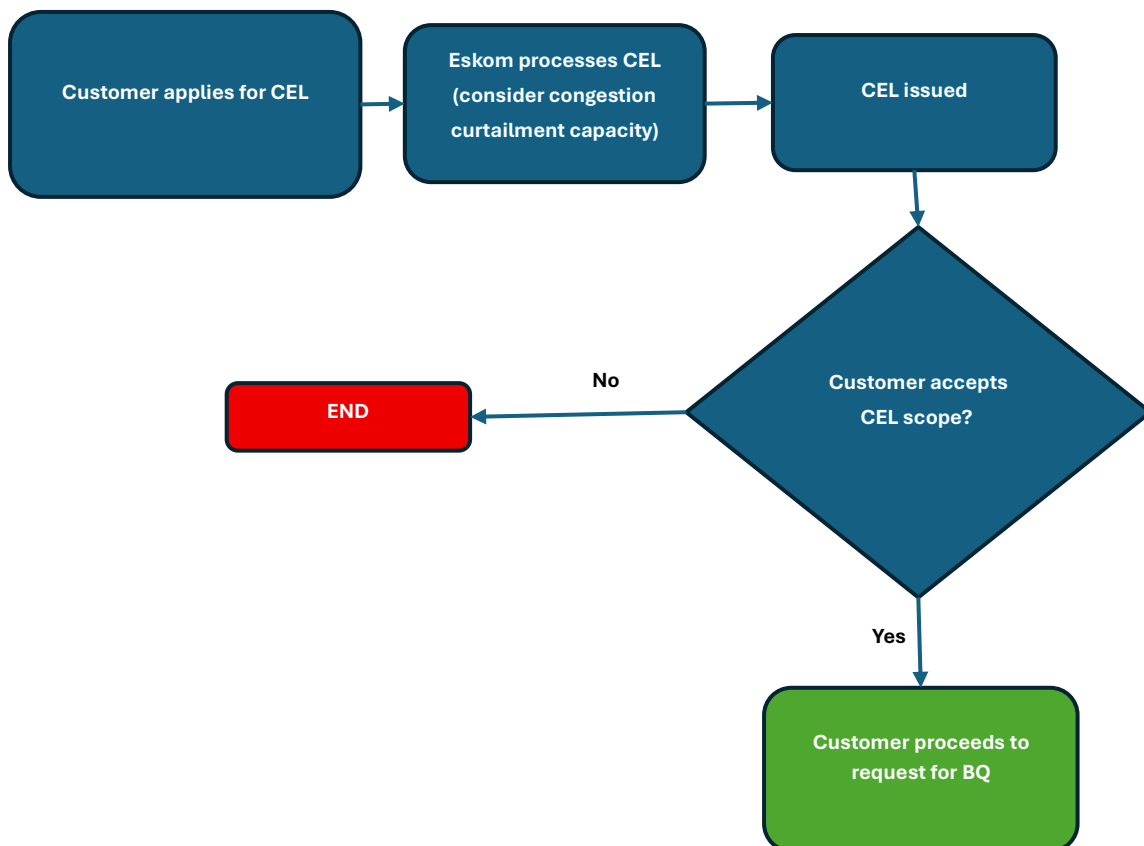


Figure 2: Flow diagram: new applications and awaiting CELs

5.7. and 5.8 Applications at BQ request and IGCAR process

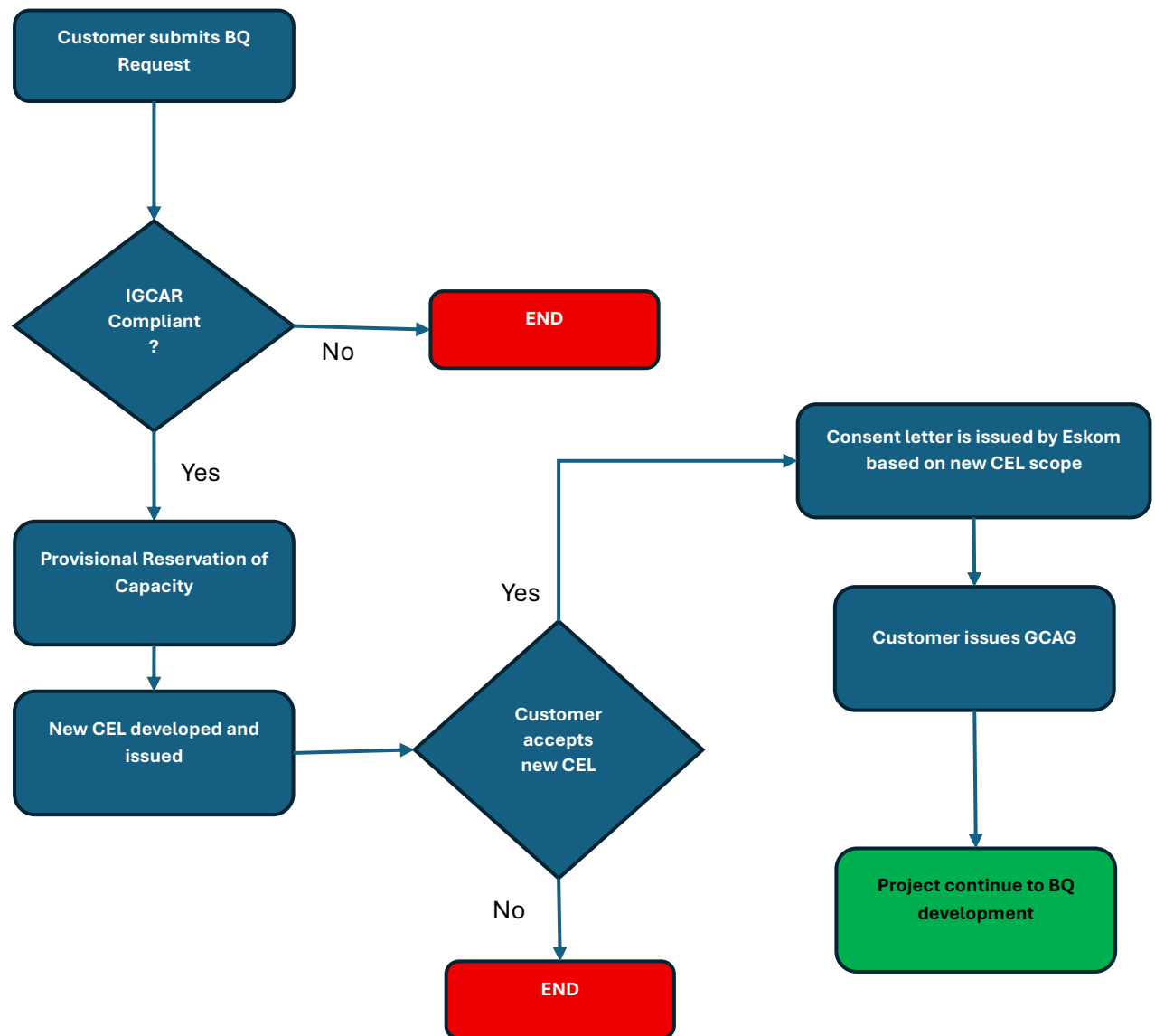


Figure 3: Flow diagram: BQ request and IGCAR stage