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GENERAL NOTICE • ALGEMENE KENNISGEWING

NOTICE 335 OF 1997

DEPARTMENT OF MINERALS AND ENERGY

ELECTRICITY ACT, 1987 (ACT No. 41 OF 1987)

LICENCE FEES PAYABLE BY LICENSED GENERATORS OF ELECTRICITY

Notice is hereby given that the Minister of Minerals and Energy intends, in terms of section 5B(2) of the Electricity Act, 1987 (Act No. 41 of 1987), to prescribe licence fees which shall be payable for the period 1 April 1997 to 31 March 1998 by licensed generators of electricity to the National Electricity Regulator (NER).

The amount and composition of the fees, based on the business plan and budget of the NER submitted in terms of section 5B(5)(b) of the said Act and approved by the NER, are as follows:

CALCULATION OF LEVY ON ELECTRICITY GENERATED	
Nett electricity generated and supplied in 1996 (GWh)	179 443,561
Budget of NER for 1997/98	R15 704 015,00
Minus surplus income in 1996/97	R 1 693 973,10
Levy income needed	R14 010 041,90
Levy c/kWh	0,00781

The motivation for the above licence fees is the need to fund the functions of the NER for the 1997/1998 financial year.

Concerned parties are invited to comment on the imposition of the licence fees within 14 days from the date of publication hereof by telefax to:

Chief Director: Energy
Department of Minerals and Energy
Fax: (012) 322-0810

A summary of the business plan and the budget of the NER in English is set out hereunder for information purposes.

KENNISGEWING 335 VAN 1997

DEPARTEMENT VAN MINERALE EN ENERGIE

ELEKTRISITEITSWET, 1987 (WET NO. 41 VAN 1987)

LISENSIEGELDE BETAALBAAR DEUR GELISENSIEERDE ONTWIKKELAARS VAN ELEKTRISITEIT

Hierby vir algemene inligting bekendgemaak dat die Minister van Minerale en Energie voornemens is om kragtens artikel 5B(2) van die Elektrisiteitswet, 1987 (Wet No. 41 van 1987) lisensiegelde voor te skryf wat gedurende die tydperk 1 April 1997 tot 31 Maart 1998 deur gelisensieerde ontwikkelaars van elektrisiteit aan die Nasionale Elektrisiteitsreguleerder (NER) betaalbaar is.

Die bedrag en samestelling van die gelde daarvan, gebaseer op die NER-besigheidsplan en -begroting voorgelê ingevolge artikel 5B(5)(b) van voormelde Wet en goedgekeur deur die NER, is soos volg:

BEREKENING VAN HEFFING OP ELEKTRISITEIT ONTWIKKEL	
Netto elektrisiteit in 1996 ontwikkel en beskikbaar gestel (GWh)	179 443,561
Begroting van NER vir 1997/98	R15 704 015,00
Minus surplusinkomste van 1996/97	R1 693 973,10
Heffingsinkomste benodig	R14 010 041,90
Heffing c/kWh	0,00781

Die motivering vir bogenoemde lisensiegelde is om die werksaamhede van die NER vir die 1997/98-boekjaar te befonds.

Belanghebbende partye word uitgenooi om binne 14 dae vanaf die publikasie hiervan per faks kommentaar op die voorskryf van lisensiegelde te lewer aan:

Hoofdirekteur: Energie

Departement van Minerale en Energie

Faks: (012) 322-0810

Vir inligtingsdoeleindes word 'n opsomming van die besigheidsplan en die begroting van die NER hieronder in Engels uiteengesit.

SUMMARY OF BUSINESS PLAN AND BUDGET OF NATIONAL ELECTRICITY REGULATOR (NER)

Background to the National Electricity Regulator

The NER is the regulatory authority over the electricity supply industry in South Africa. It is a statutory board which acts independently and reports to Parliament. The board of the NER consists of a chairperson and eight part-time members.

Role of the National Electricity Regulator

The NER regulates the electricity supply industry to ensure that it meets customers' requirements.

The way the National Electricity Regulator goes about its business

The NER wishes to be seen and recognised as a competent, professional and independent regulatory authority adding value to the electricity supply industry and serving the interest of its customers. It is committed to being impartial, consistent, fair, consultative and transparent.

Review of activities of the National Electricity Regulator - 1996/1997

The year was a difficult one for the NER because it was under-resourced for the task it was mandated to undertake. Notwithstanding these limitations, the NER played a key role in improving the performance of the electricity supply industry in all respects. Highlights included the following:

- (1) The finalisation of a report to government on restructuring the electricity distribution industry;
- (2) regulating price increases with real benefits to consumers of electricity;
- (3) directing licensees to implement cost-reflective tariffs;

- (4) the completion of new legislation to regulate the electricity supply industry;
- (5) the establishment of a comprehensive database for the industry;
- (6) the completion of a number of significant reports on various aspects of the electricity supply industry, e.g. electricity pricing and tariff systems, requirements for customer choice, the possible introduction of electricity markets and guidelines for quality of supply and customer service; and
- (7) resolving disputes between customers and suppliers.

Environment within which the National Electricity Regulator operates

Changes are likely to be made to the board of the NER during 1997. It is important to maintain a strong and independent board. Government is due to release its White Paper on Energy which will set the policy framework for the industry and provide the NER with clear direction. Also, Government is likely to make a decision on the restructuring of the electricity distribution industry, and the NER will be called on to play a key role in this transformation process. Changes are also expected in the generation and transmission sectors where the pressure of competition will increase, and the electricity markets concept will be further refined.

Priorities for 1997/1998

Key priorities for the period include the following:

- (1) Dealing with non-performance and defaulting on licence requirements;
- (2) assisting Government with restructuring the electricity distribution industry;
- (3) resolution of disputes between customers and suppliers;
- (4) upgrading of database facilities;
- (5) reviewing the role of municipal generators and establishing the conditions and requirements of the industry for the introduction of independent power producers;
- (6) investigating the establishment of an electricity market;
- (7) policies and programmes for the implementation of cost-reflective pricing and the rationalisation of tariffs in both the wholesale and end-use markets;
- (8) wholesale purchase tariff structure and prices;
- (9) "ring fencing" of licensed activities;
- (10) the implementation and administration of the new regulatory framework; and
- (11) the relicensing of distributors of electricity.

Value added by the National Electricity Regulator

The NER holds the view that it should continue to exist only if it can demonstrate that its services add value. It has achieved this in the following ways:

- (1) By conducting investigations into and making recommendations on the restructuring of the industry which will, when implemented, bring great benefits to customers;
- (2) by reducing or disallowing electricity price increases, thereby allowing customers to enjoy considerable savings, and by rationalising tariff structures, which promotes tariff equity;
- (3) by prescribing minimum standards of supply and service, thereby ensuring that customers receive an adequate and acceptable service from their electricity suppliers;
- (4) by frequently resolving disputes between suppliers and customers, which promotes the smooth functioning of the electricity supply industry; and
- (5) by the establishment and maintenance of a comprehensive database.

Budget of the National Electricity Regulator

A summary of the budget of the NER is set out as Annexure A. The total budget amounts to R15,7 million, compared with last year's budget of R9,5 million. This increase is attributable to the following:

- (1) The NER is gearing up to its full personnel strength from a very low base;
- (2) an increase of R3,8 million in consultants' fees: consultants' fees were disallowed in last year's budget on the understanding that grant funding would be made available (this did not materialise and the NER now requires a budget for its own consultants);
- (3) an increase of R1,2 million in salaries: last year's budget only provided for staff salaries for a period of eight months; and
- (4) an increase in training and development costs.

If the budgeted amount for consultants had been left in the previous budget and if salaries had been paid for the full year, this year's increase would amount to 6,8%.

Complete copies of the business plan and budget are available (for a photocopying fee) from:

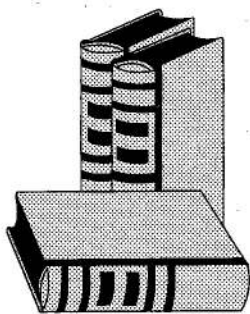
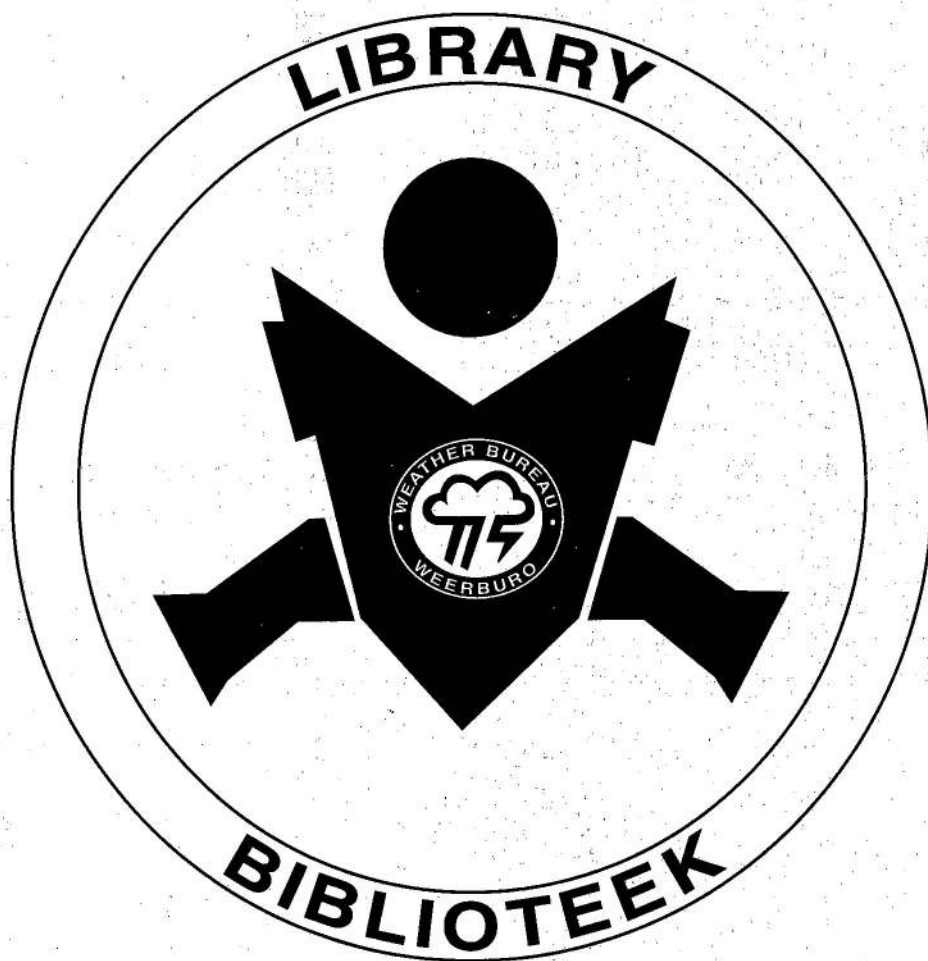
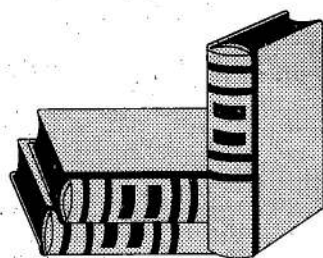
The Chairman
National Electricity Regulator
Tel: (011) 884-0118
Fax: (011) 884-4600

ANNEXURE A

NATIONAL ELECTRICITY REGULATOR									
	Actuals	Budget	Expected expenditure	Budget	Variance	Budget			
	Apr-Nov 96	Dec '96-Mar '97	Apr '96-Mar '97	Apr '96-Mar '97		Apr '97-Mar'98			
Income:	(R 4,248,085.00)	(R 1,928,420.00)	(R 6,176,505.00)	(R 5,711,260.00)	R 465,245.00	(R 14,010,041.90)			
500100 Lewies Received	(R 3,865,120.00)	(R 1,928,420.00)	(R 5,793,540.00)	(R 5,711,260.00)	R 82,280.00	(R 14,010,041.90)			
500201 Interest Received - Invest	(R 364,809.00)	R -	(R 364,809.00)	R -	R 364,809.00				
500200 Interest Received - Current Account	(R 18,156.00)	R -	(R 18,156.00)	R -	R 18,156.00				
Expenditure:	R 4,457,894.00	R 3,247,172.00	R 7,705,066.00	R 8,998,659.00	R 1,293,593.00	R 15,509,015.00			
100100 Advertising / Communication	R 120,594.00	R 100,000.00	R 220,594.00	R 1,200,000.00	R 979,406.00	R 766,000.00			
100150 Consultants' Fees	R 342,072.00	R 171,036.00	R 513,108.00	R 200,000.00	R 313,108.00	R 4,000,000.00			
100155 R Morgan - costs recoverable	R 18,379.00	R -	R 18,379.00	R -	(R 18,379.00)				
100161 Depreciation Office Equipment	R 319,407.00	R -	R 319,407.00	R -	(R 319,407.00)				
100170 Insurance	R 3,630.00	R 6,667.00	R 10,297.00	R 20,000.00	R 9,703.00	R 94,000.00			
100180 Legal Fees	R 30,572.00	R 10,000.00	R 40,572.00	R 200,000.00	R 159,428.00	R 60,000.00			
100190 Motor Vehicle Running Costs	R 5,795.00	R 3,000.00	R 8,795.00	R 6,000.00	R 2,795.00	R 28,200.00			
100220 Office Costs	R 119,825.00	R 60,000.00	R 179,825.00	R 180,000.00	R 175.00	R 192,000.00			
100110 Administration Fees SFF	R 110,912.00	R 55,456.00	R 166,368.00	R 144,000.00	(R 22,368.00)	R 198,000.00			
100120 Auditors Remuneration	R 24,731.00	R 30,000.00	R 54,731.00	R 90,000.00	R 35,269.00	R 85,000.00			
100130 Bank Charges	R 5,014.00	R 2,500.00	R 7,514.00	R 4,947.00	(R 2,567.00)	R 7,400.00			
100140 Catering	R 37,404.00	R 24,000.00	R 61,404.00	R 72,000.00	R 10,596.00	R 70,000.00			
100141 Study fees	R 1,100.00	R -	R 1,100.00	R -	(R 1,100.00)	R 40,000.00			
100260 Postage and Delivery Costs	R 13,982.00	R 16,667.00	R 30,649.00	R 50,000.00	R 19,351.00	R 50,000.00			
100410 Seminars	R 8,009.00	R 150,000.00	R 158,009.00	R 250,000.00	R 91,991.00	R 250,000.00			
100420 Stationery	R 55,606.00	R 33,333.00	R 88,939.00	R 100,000.00	R 11,061.00	R 100,000.00			
100430 Subscriptions	R 5,539.00	R 2,770.00	R 8,309.00	R 5,000.00	(R 3,309.00)	R 36,000.00			
100560 Telephone and Fax	R 86,963.00	R 43,461.00	R 130,444.00	R 120,000.00	(R 10,444.00)	R 224,400.00			
100250 Office Rental	R 370,097.00	R 200,000.00	R 570,097.00	R 600,000.00	R 29,903.00	R 740,000.00			
100310 Gross Salaries	R 1,928,117.00	R 2,023,334.00	R 3,951,451.00	R 4,878,382.00	R 926,931.00	R 5,582,655.00			
100311 Salaries Temporary Staff	R 268,143.00	R 6,667.00	R 274,810.00	R 20,000.00	(R 254,810.00)	R 100,000.00			
100312 Remuneration Board Members	R 181,830.00	R 90,915.00	R 272,745.00	R 200,000.00	(R 72,745.00)	R 319,372.00			
100313 Bonuses	R 70,558.00	R -	R 70,558.00	R -	(R 70,558.00)	R 462,537.00			
100330 Pension Fund Contributions	R 56,477.00	R -	R 56,477.00	R -	(R 56,477.00)	R 829,111.00			
100340 Medical Aid Contributions	R 6,750.00	R -	R 6,750.00	R -	(R 6,750.00)	R 322,540.00			
100350 U.I.F Contributions	R 2,207.00	R 800.00	R 3,007.00	R 2,400.00	(R 607.00)	R 3,300.00			
100360 R.S.C. Lewies	R 13,093.00	R 6,546.00	R 19,639.00	R 25,930.00	R 6,291.00	R 26,500.00			
100510 Travel Costs Board Members	R 96,085.00	R 80,000.00	R 176,085.00	R 240,000.00	R 63,915.00	R 240,000.00			
100520 Travel Costs Support Staff	R 154,562.00	R 100,000.00	R 254,562.00	R 300,000.00	R 45,438.00	R 300,000.00			
100530 Training and development NER staff	R -	R -	R -	R -	R -	R 320,000.00			
100540 Travel Costs Breakaway Session	R 441.00	R 20,000.00	R 20,441.00	R 60,000.00	R 39,559.00	R 60,000.00			
100601 Special projects	R -	R 10,000.00	R 10,000.00	R 30,000.00	R 20,000.00	R -			
(Surplus) / Deficit	R 209,809.00	R 1,318,752.00	R 1,528,561.00	R 3,287,389.00	R 1,758,838.00	R 1,498,973.10			
Capital Budget									
Fixed Assets	R 461,462.42	R 123,402.48	R 584,864.90	R 520,000.00	(R 64,864.90)	R 195,000.00			
-Computer Hardware	R 51,210.41	R 96,789.59	R 150,000.00	R 150,000.00	R -	R 95,000.00			
-Computer Software	R 25,387.11	R 24,612.89	R 50,000.00	R 50,000.00	R -	R 40,000.00			
-Furniture	R 384,864.90	R -	R 384,864.90	R 320,000.00	(R 64,864.90)	R 60,000.00			
Net (Surplus) / Deficit	R 671,271.42	R 1,442,154.48	R 2,113,425.90	R 3,807,399.00	R 1,693,973.10	R 1,693,973.10			

R4 878 382 - 8 months : 12 months = R6 070 000

Where is the largest amount of meteorological information in the whole of South Africa available?



Waar is die meeste weerkundige inligting in die hele Suid-Afrika beskikbaar?

Department of Environmental Affairs and Tourism
Departement van Omgewingsake en Toerisme

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