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NATIONAL ENERGY REGULATOR OF SOUTH AFRICA

Licence Number: NER/D/ESK

LICENCE FOR THE OPERATION OF DISTRIBUTION FACILITY

This licence is issued by the National Energy Regulator, hereinafter referred to as "the NERSA", in terms of the Electricity Regulation Act, 2006 (Act No. 4 of 2006).

This licence is issued to:

ESKOM HOLDINGS (PTY) LTD

hereinafter referred to as "the Licensee", only for the purpose of operation of distribution facility in the Area referred to in Schedule 1.

The operation of distribution facility permitted under this licence is subject to the terms and conditions as contained in this licence and/or amendments to these conditions as imposed by the NERSA. These licence conditions must be adhered to at all times.

ISSUED at Pretoria on this the 25 day of March 2010

CHIEF EXECUTIVE OFFICER
NATIONAL ENERGY REGULATOR

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DEFINITION

In this licence:

"The Act" means the Electricity Regulation Act, 2006 (Act No. 4 of 2006) and includes Regulations and Rules made under the Act.

INTERPRETATION

In this licence words and phrases shall have the meaning ascribed to them in the Act. Words or phrases importing the singular shall include the plural and vice versa. Headings are for convenience only and shall not affect the interpretation of the licence. 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. In the computation of time under this licence, where there is a reference to a number of days between events, they shall 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 may be done on the next day that is not a holiday.

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CHAPTER ONE:

1 Scope of Licensed Activities

NERSA grants the Licensee a licence in terms of section 4 of the Act, to operate a distribution facility in the Area referred to in Schedule 1.

2 Duration of Licence

This licence shall come into effect from 1 July 2007 and expire 36 months after promulgation of the relevant licensing regulations made under the Electricity Regulation Act, 2006 (Act No.4 of 2006). Subject to the provisions of the Act the term of this Licence may be extended by NERSA.

3 Duties of the Licensee

3.1 The Licensee must operate the distribution facility in the Area referred to in Schedule 1 of this licence, and subject to the conditions of this licence.

3.2 The Licensee must distribute and supply electricity to all customers and/or end user within the area referred to in Schedule 1 and in accordance with this licence.

3.3 The Licensee must supply electricity to such potential consumers and/or end users in accordance with the approved electrification plan.

3.4 The Licensee must not cede, transfer, and assign a licence or any such power or duty to any other person without the prior written consent of the NERSA.

3.5 The Licensee must not discriminate between customers, class of customers and/or end users regarding access, tariff, prices and conditions of service, except for objectively justifiable and identifiable differences approved by the NERSA.

3.6 The Licensee must provide for non-discriminatory access to the distribution power systems to third parties.

CHAPTER TWO:

4 Specific Conditions

4.1 A licence and any licence conditions issued, or copies of these documents, shall be kept on the licensed premises.

4.2 The Licensee shall maintain records of and provide, in the manner and form determined by NERSA, such information and documents as NERSA may require from time to time.

4.3 The Licensee shall have a process for resolving disputes with customers and/or end users that deals with disputes in a fair, reasonable and timely manner. Publish information which will make its customers and/or end users aware of and help them use its dispute resolution process. In the event a Licensee and the customer fail to resolve a dispute between them, they shall refer such dispute to NERSA in terms of the provisions of section 42 of the Act.

4.4 The Licensee shall keep financial records associated with the operation of distribution facility separate from its other business activities as NERSA may require.

4.5 The Licensee shall furnish NERSA with information as requested by the approved Regulatory Reporting Manual (RRM) where applicable.

4.6 The Licensee shall comply with the price and tariff methodology, provided by NERSA in determining its prices and tariffs.

4.7 The Licensee shall charge the consumer and/or end user tariffs and prices approved by NERSA.

4.8 The Licensee shall operate the distribution facility in line with quality standards that NERSA may provide as and when required from time to time.

CHAPTER THREE

5 General Conditions

5.1 The Licensee must comply with all applicable provisions of the Act and, except where it has been exempted from such compliance by NERSA.

5.2 The Licensee must comply with codes, rules, laws and any other regulation applicable the operation of distribution facility.

5.3 The Licensee may at all reasonable times consents to inspections carried out by NERSA or authorised persons on its behalf for the purpose of ascertaining the conditions of the licensed premises and operational standards.

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5.4 The Licensee must take all reasonably practical steps to protect the environment and safety in the course of operations associated with this licence, including but not only, those specified in health and safety and environmental legislation currently in force and not specifically related to the operation of distribution facility.

6 Amendment of a Licence

This licence may be amended by NERSA in accordance with the Act and the Rules.

7 Revocation of a Licence

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

8 Contravention of a Licence

A Licensee must at all times comply with the conditions of this licence, the Act and the Rules, not act in any manner that is inconsistent with this licence. In the event of contravention of this licence by a Licensee, such contraventions shall be dealt with in terms of section 19 of the Act.

9 Changes in the details of the Licensee

9.1 The Licensee must notify NERSA of any changes with the details of any changes in the registered name, operation of the distribution facility, registered address and other contact details.

9.2 The notifications contemplated in this section must be provided within 14 days of the event giving rise to them.

10 Correspondence with NERSA

10.1 All official communication with NERSA must be in writing, unless directed otherwise by NERSA.

10.2 The Licensee must, in all correspondence with NERSA, quote the licence reference number, as it appears on the licence certificate.

11 Whole Licence

This licence constitutes the entire licence and supersedes all prior understandings and agreements between the Licensee and NERSA.

12 Indemnity

12.1 NERSA and its employees are not liable for any and all claims, liabilities, losses, costs, expenses (including legal fees) and damages, which a Licensee may suffer resulting from the licensed activity.

12.2 This licence must not be construed as authorising the Licensee to operate any other distribution facilities without a licence.

SCHEDULES

SCHEDULE 1

a) Supply Area - Grid

The presently licensed area of Eskom. Customers being supplied by municipality or any other Licensed Distributor at the date of commencement of this licence are excluded from this licence.

List of Supply Areas

The areas in this licence are stated below by regions.

Central Region;
Eastern Region;
Northern Region;
North West Region;
Southern Region; and
Western Region.

b) Supply Area – Non-Grid

The supply areas with respect to non-grid electrification are strictly those that have been agreed to by Government and are stated below:

The concessions areas are:

- Eastern Cape/KwaZulu Natal (DC21, DC15, CBDC5, but excluding EC157)
- Eastern Cape (DC12, EC157)
- Northern Province (DC34, DC35, CBDC3)
- *****Central KwaZulu Natal (DC22, DC23, DC24, DC29)******
- Northern KwaZulu Natal (DC25, DC26, DC27, DC28)

SCHEDULE 2 Tariffs and Prices

As approved by the National Energy Regulator of S.A.

SCHEDULE 3 Amendments

Item No.	Amendment	Date of Approval
1	First issue to Eskom	August 1995
2	Portion 2 of the farm Hartebeesfontein No 422 IP in Stilfontein Municipality	22 November 1996
3	Accommodation of re-determination of cross boundary municipalities	July 2001
4	Amendment of Eskom's distribution license to include Dan Sandi View Township	21 August 2003
5	Amendment of the licence to include Dududu, Turton and Maguntia from Port Shepstone Municipality	29 April 2004
6	Transfer of Rosherville Properties (Pty) Ltd electricity distribution licence to Eskom	8 December 2005
7	Amendment of the licence to include Tigerkloof, Brussels, De Beers, Dryharts and Pudimoe from Naledi Municipality	7 August 2006
8	Extension of licence validity period until 30 June 2006	26 May 2006
9	Extension of licence validity period until 36 month after the promulgation of the relevant licensing regulations made under the ERA.	June 2007
10	Amendment of the licence to exclude Carsdale village in uMhlathuze Municipality	31 July 2007
11	Amendment of the licence to exclude Komati village in Steve Tshwete Municipality	28 March 2008
12	Amendment of the licence to exclude Ingwavuma town in uMkhanyakude District Municipality	25 March 2010