



## SUPPLEMENTAL CONTRACT FOR EMBEDDED GENERATION

(Supplemental to the contract for the supply of electricity)

### **CONDITIONS OF CONTRACT**

#### **1. DEFINITIONS**

In this contract the following words and expressions shall have the meanings hereby assigned to them except where the context otherwise requires:

- 1.1 "Anti-Islanding" shall mean the ability of an embedded generation system to instantly automatically disconnect the generator from connection to the utility grid whenever the local utility grid has lost the supply of power from the national electricity grid, thus preventing the export of electricity to the utility grid from the embedded generator. This is done primarily to protect utility workers who may be working on the utility grid and who may be unaware that the grid is still being energised by the embedded generator.
- 1.2 "CITY" shall mean The City of Cape Town Metropolitan Municipality, established in terms of the Local Government: Municipal Structures Act, 1998 read with the Western Cape Provincial Notice No. 479/2000 published in Province of the Western Cape: Provincial Gazette 5588 dated 22 September 2000.
- 1.3 "Customer" shall mean the person or entity to whom approval is granted in terms hereof.
- 1.4 "Effective date" shall mean the first business day following the date of signature of the Commissioning Approval letter by the City of Cape Town, provided that connection to the electrical grid shall only be permitted as provided in terms of this contract.
- 1.5 "Electrical installation" shall mean any machinery, in or on any premises, used for the transmission of electricity from a point of control to a point of consumption anywhere on the premises, including any article forming part of such an electrical installation irrespective of whether or not it is part of the electrical circuit.
- 1.6 "Embedded generator" shall mean an electricity generating device, such as a photovoltaic panel or wind turbine that is connected to the customer's electrical installation beyond the point of control.
- 1.7 "Energy import" shall mean the energy flowing from the City's network into the customer's electrical installation.
- 1.8 "Energy export" shall mean the energy flowing from the customer's electrical installation back into the City's network.
- 1.9 "Kilowatt hour" shall mean the consumption or generation of electrical energy equivalent to one kilowatt of power sustained for one hour.

- 1.10 "Law" shall mean the provisions of the Local Government: Municipal Systems Act (Act No. 32 of 2000), the Electricity Regulation Act, (Act No. 4 of 2006), the City of Cape Town Electricity Supply By-law, as well as any other applicable law, proclamation, ordinance, Act of Parliament or other enactment having force of law.
- 1.11 "Main supply contract" shall mean the existing contract in place between the City and the customer for the supply of electrical power at the premises described in this application, as contained in the documentation signed at the time of applying for an electrical connection, read together with the City of Cape Town Electricity Supply By-Law.
- 1.12 "Month" shall mean the period between successive monthly meter readings made in terms of this contract, irrespective of whether such readings are taken on the last day of the calendar month; provided that, in terms of this contract, meter readings may be estimated should the actual reading of the meter not be possible in any particular month.
- 1.13 "Prosumer" shall mean a customer who both consumes and produces electricity.
- 1.14 "Point of control" shall mean the point at which an electrical installation on or in any premises can be switched off by a user from the electricity supplied from the point of supply.
- 1.15 "Parties" shall mean the City and the customer.
- 1.16 "Point of supply" shall mean the actual supply point on the network.
- 1.17 "Prescribed tariff" shall mean the approved City's tariff of charges for electricity and services, as amended from time to time.
- 1.18 "Utility Installed Capacity (AC side )" shall mean the maximum output of the embedded generator as advised by the customer to the City, being the sum of the outputs, in kVA, of all invertors connected to embedded generators and the customer's installation.

**2. CONNECTION OF EMBEDDED GENERATOR**

The City approves the connection of an embedded generator, as described in this application, by the customer at the premises, subject to this contract. The customer may only, other than for the purposes of carrying out tests and commissioning, connect his/her/its SSEG installation to the electricity grid upon receipt of a written "Commissioning Approval" letter from the Director: Electricity Generation and Distribution or his/her nominee or proxy giving consent for such connection.

**3. PERIOD OF CONTRACT**

This contract shall commence on the effective date and shall continue indefinitely unless terminated by either party, in terms of Clause 21 of this contract.

**4. CESSION**

The customer shall not cede or assign this contract or any part thereof or any benefit, obligation or interest herein or hereunder without the prior written consent of the City.

**5. CURTAILMENT OF GENERATION**

The customer shall, if and when required and on instruction by the City, reduce peak generation during abnormal system conditions or low load periods, and shall complete and sign an agreement with the City relating thereto.

## **6. DISCONTINUENCE OF EMBEDDED GRID CONNECTION GENERATION**

An embedded generator which has been decommissioned must be physically disconnected from the grid by the removal of all wiring which connects the inverter/s with the grid.

Grid connected generation will only be considered by the City as being disconnected from the electricity grid once the customer has notified the City of Cape Town in writing on the prescribed form and provided the City with a copy of the Certificate of Compliance covering the removal of the wiring.

## **7. NOTIFIED MAXIMUM EMBEDDED GENERATOR OUTPUT**

7.1 The notified maximum output of the embedded generator is as specified in this application.

7.2 If the customer proposes increasing the maximum output of the embedded generator, he/she/it shall not implement such increase without the consent of the City, which shall not be granted to the customer until: -

7.2.1 the customer has submitted an additional embedded generator application for an upgrade of an existing system to the City; and

7.2.2 the City has approved the proposed upgrade; and

7.2.3 any work required on the parties' electricity networks has been completed, to the satisfaction of the City; and

7.2.4 the customer has received a written "Commissioning Approval" letter from the Director: Electricity Generation and Distribution giving consent for such increase in maximum output.

## **8. PROSUMER**

8.1 Consent to the connection of an embedded generator is given subject to the condition that the embedded generator shall not exceed the maximum generator output as specified in this application.

## **9. RESIDENTIAL CUSTOMERS**

9.1 A residential customer shall only be entitled to the benefit of being charged the small scale embedded generation tariff if he/she/it feeds power back into the electricity grid each month. Should this not be the case the Director, Electricity Generation and Distribution may require that the customer either withdraw the embedded generator from service or alternatively have a prepayment meter and reverse power flow blocking protection installed, so as to place the customer on the appropriate domestic consumption tariff.

9.2 All costs for metering changes will be for the customer's account.

**10. PRICES FOR ELECTRICITY**

- 10.1 The customer's municipal account shall be credited for energy generated by the embedded generator and exported to the network in the amount/s reflected in the City's annual tariff relating to the import and export of electrical energy for embedded generation.
- 10.2 At the time that the customer ceases to be on the small-scale embedded generation tariff, any remaining credit balance will be refunded to the customer on written request provided that the customer has no other outstanding municipal debt.
- 10.3 The aforesaid tariffs are amended annually on 1 July of each calendar year, as regards quantum and structure, and are applicable to all existing and new embedded generators. The City reserves the right to make amendments to the tariff as stated and does not warrant the financial viability of the customer's embedded generation installation.
- 10.4 A schedule of the tariffs set by the City shall be furnished to the customer upon written request to the City.
- 10.5 The City shall not be obliged to grant credit to the customer for power not received onto the electrical grid due to unavailability of the grid or for any other reason.
- 10.6 The customer's electricity and municipal account shall automatically be credited for energy generated by the embedded generator and exported to the network amount(s) reflected in the City's annual tariffs up to the point at which the total municipal account is in credit, where after the customer may stipulate that they want to participate in the "Cash for Power" scheme, whereupon they will have to undertake the supply chain process required to participate in this scheme.

**11. SUPPLY TO THIRD PARTY PROHIBITED**

The customer shall not supply any electricity generated on the premises under this contract to any third party on any other premises in any way.

**12. TRANSFER OF SUPPLY TO ANOTHER SUPPLY AUTHORITY**

The parties agree that, if the premises of the customer in the future become located within the area of jurisdiction of another supply authority, the agreement embodied in these terms and conditions will no longer be of any force and effect and this Supplemental Contract will be terminated, and the customer may negotiate with the new supply authority a new contract for embedded generation.

**13. COMPLIANCE WITH THE CITY'S TECHNICAL REQUIREMENTS**

- 13.1 The customer must ensure that the SSEG equipment remains compliant with the City's technical requirements as conveyed via the City's website, and if it does not do so the customer will be in breach of this contract.
- 13.2 The City reserves the right to (not unreasonably) alter its requirements for whatsoever reason and the customer will be obliged to ensure at the customer's cost that the SSEG equipment complies with the new or additional requirements.

**14. QUALITY OF SUPPLY**

- 14.1 In accordance with the Electricity Regulation Act, as amended, the customer shall be responsible for maintaining the quality of supply from the embedded generator within the limits set out in the NRS 048 Quality of Supply and NRS 097 Grid Interconnection of Embedded Generation specification, with which the customer acknowledges himself/herself/itself to be acquainted. Any deviation to these limits may only be made upon receipt by the customer of written approval by the City.
- 14.2 The City shall not be liable for any loss or damage, direct or consequential, suffered or sustained by a customer as a result of or arising from the cessation, interruption or any other abnormality of the supply of electricity, unless caused by negligence on the part of the City.

**15. NETWORK STABILITY**

The customer shall ensure that the anti-islanding functionality of the generation equipment is in good operational order to ensure the safety of the City's personnel.

**16. MEASUREMENT OF IMPORT AND EXPORT OF ENERGY**

Measurement of imported and exported energy shall be carried out monthly, utilising the data capturing and billing systems of the City.

**17. BILLING AND PAYMENT OF CHARGES**

The customer shall be liable for all applicable charges as per the City's Electricity Tariff as amended from time to time.

Customers who have had a bidirectional AMI credit meter installed and are on a small-scale embedded generation tariff will be billed as follows:

- 17.1 The daily service charge and all energy and maximum demand charges, as applicable, will be billed on the monthly electricity account.
- 17.2 Compensation for export of energy will be carried out monthly against the normal monthly electricity and municipal account.
- 17.3 The customer's electricity and municipal account shall automatically be credited for energy generated by the embedded generator and exported to the network amount(s) reflected in the City's annual tariffs up to the point at which the total municipal account is in credit, where after the customer may stipulate that they want to participate in the "Cash for Power" scheme, whereupon they will have to undertake the supply chain process required to participate in this scheme.
- 17.4 VAT will only be payable by the City on exported energy where the customer is registered with the South African Revenue Service (SARS) as a VAT vendor.

**18. Small Scale Embedded Generation Rules.**

In terms of Schedule 2 to the New Generation Regulations under the Electricity Regulation Act consumers who generate for their own consumption are exempt from the requirement to apply for and hold a generation license. Notwithstanding this exemption, the National Energy Regulator of South Africa has indicated its intention to publish rules for small scale embedded generation.

Customers participating in small scale embedded generation bear all the risk regarding any liability which may arise from such participation, and have the responsibility to adhere to future changes to legislation, and NERSA's rules when they are published, and specifically indemnify the City with regard to any such risk or liability.

## **19. THE PARTIES' OBSERVANCE OF APPLICABLE LEGISLATION**

The parties shall in addition to complying with the terms and conditions of this contract also comply with the provision of any law which may have application to this contract.

## **20. BREACH**

- 20.1 Should either party hereto breach or fail to comply with any term or condition of this contract then the party aggrieved thereby shall give the defaulting party written notice to rectify such a breach.
- 20.2 In the event of the defaulting party failing to rectify such a breach within fourteen (14) days of the receipt of such notice, the aggrieved party shall be entitled to give written notice of termination of this contract to the other party. Such termination shall take effect upon receipt of such notice by the defaulting party.
- 20.3 Should either party breach any of the terms and conditions of this contract in such a manner as to justify the aggrieved party in holding that the defaulting party's conduct is inconsistent with the defaulting party's intention to carry out the terms and conditions of this contract, then and in such event the aggrieved party shall without prejudice to its legal rights and remedies, be entitled to terminate this contract.
- 20.4 Termination of this contract shall be without prejudice to any other rights or remedies of the aggrieved party under this contract or at law and will not affect any accrued rights or liabilities of the aggrieved party at the date of termination.

## **21. TERMINATION**

This contract shall terminate with immediate effect upon the happening of any of the following events:

- 21.1 If either party fails to rectify a breach of this contract as provided for in terms of Clause 20.
- 21.2 If the customer gives two working days' notice in writing to the City of him/her/it decommissioning and disconnecting the embedded generator.
- 21.3 If the main supply contract is terminated.
- 21.4 If the parties mutually agree to terminate this contract.

## **22. GENERAL CONDITIONS**

- 22.1 No alteration, cancellation, variation of or addition to this contract shall be of any force or effect unless reduced to writing and signed by the City and the customer or their duly authorised representatives.
- 22.2 This Contract constitutes the entire contract between the parties hereto in relation to the grid connected embedded generator and neither of the parties shall be bound by any undertakings, representations, warranties, promises or the like not recorded herein.
- 22.3 No extension of time or other indulgence granted by either party to the other in respect of either of the parties' obligations will constitute a waiver of either of the parties' right to enforce compliance with the terms of this contract; neither shall it constitute a novation of this contract.

22.4 The customer acknowledges that he/she/it is entering into this contract voluntarily and at his/her/its risk. Accordingly, he/she/it grants a full and sufficient indemnity in favour of the City against all risk or liability, which may arise from the contract. This shall include any losses suffered by the customer arising from negligence relating to the design, construction, installation, commissioning, operation and maintenance of the embedded generator.

### **23. DOMICILIUM CITANDI ET EXECUTANDI**

23.1 The customer chooses domicilium citandi et executandi for the purposes of the giving of any notice, the serving of any legal process and for any purposes arising from this application the address set out herein.

23.2 The City's chosen domicilium address is 12 Hertzog Boulevard, Cape Town.

23.3 Any notice to any party shall be addressed to it at its domicilium aforesaid and be sent either by pre-paid registered post or be delivered by hand. In the case of any notice:

23.3.1 Sent by pre-paid registered post, it shall be deemed to have been received, unless the contrary is proved, on the seventh day after posting; and

23.3.2 Delivered by hand, it shall be deemed to have been received, unless the contrary is proved, on the date of delivery, provided such date is a business day or otherwise on the next following business day;

23.3.3 Any party shall be entitled by notice in writing to the other, to change its domicilium to any other address within the Republic of South Africa, provided that the change shall become effective only fourteen (14) days after the service of the notice in question;

23.3.4 Any notice addressed to the City shall be required to be addressed to the City Manager (for the Attention of the Director: Electricity Generation and Distribution) to be deemed to have been effectively delivered or served.

### **24. JURISDICTION**

The parties hereby consent in terms of Section 45 of the Magistrate's Court Act No 32 of 1944 as amended to the jurisdiction of the Magistrate's Court of any district having jurisdiction in terms of Section 28 of the said Act, to adjudicate any dispute arising from this contract, provided that such consent shall not derogate from the right of either party to institute proceedings in the High Court.

### **25. WARRANTY OF AUTHORITY**

Each party warrants to the other party that it has the power, authority and legal right to enter into, sign and perform in terms of this contract, and that this contract has been duly authorised by all necessary actions of its directors or person/s on whose behalf the signatory acts herein.