

ITEM NUMBER: C 08/07/23

RECOMMENDATION FROM THE EXECUTIVE MAYOR: 6 JUNE 2023

MC 21/06/23 ELECTRICITY WHEELING PILOT RESEARCH PROJECT OF THE CITY OF CAPE TOWN: AUTHORISING PARTICIPANTS AS THIRD PARTY SUPPLIERS (LSU P2688)

The Executive Mayor and the Mayco Member for Energy highlighted that all 15 valid third party submissions were approved for the pilot project, representing 25 generators and 40 City customers.

It is **RECOMMENDED** that:

- (a) Council consents to the aforementioned third parties supplying or contracting for the supply of electricity within the jurisdiction of the City of Cape Town, via participation in the Wheeling Pilot Research Project.
- (b) Council notes that an electricity trading licence is not required for participation in the Wheeling Pilot Research Project and that the requirement for a trading licence in section 4(2) of the Electricity Supply By-law is thus not applicable.



DATE: 07 FEBRUARY 2023

REPORT TO: MAYORAL COMMITTEE
COUNCIL

1. ITEM NUMBER **MC 21/06/23**

2. SUBJECT

Enter LSU Number Here

ELECTRICITY WHEELING PILOT RESEARCH PROJECT OF THE CITY OF CAPE TOWN: AUTHORISING PARTICIPANTS AS THIRD-PARTY SUPPLIERS

ONDERWERP

ELEKTRISITEITSDEURVOER-LOODSNAVORSINGSPROJEK VIR DIE STAD KAAPSTAD: MAGTIGING VAN DEELNEMERS AS DERDEPARTYVERSKAFFERS

ISIHLOKO

IPROWUJEKTHI ELILINGE YEZOPHANDO EQHUBEKAYO NGOKUJOLISWE KWEZOMBANE YESIXEKO SASEKAPA: UKUGUNYAZISWA KWABATHATHINXAXHEBA NJENGABABONELELI ABALIQELA LESITHATHU

3. DELEGATED AUTHORITY

In terms of delegation

This report is for

☐ **Committee name :**

☐ The Executive Mayor together with the Mayoral Committee (MAYCO)

☒ Council

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4. DISCUSSION

The City of Cape Town intends offering a wheeling facility to enable wheeling of electricity to consumers who wish to procure energy from third party suppliers who will source the electricity from generators connected to an electricity grid belonging to either Eskom or the City. The City has embarked on wheeling pilot research project with a limited number of third party participants to investigate, test and finalise the wheeling facility. The pilot will take place over a minimum of one year, and will end with the full implementation of our wheeling facility.

On 1 June 2022, applications from third parties who would like to participate in the pilot research project were invited. The deadline for applications was 30 June 2022.

The City received 16 applications from third parties of which one was a duplication. All 15 valid third party submissions were approved for the pilot project, representing 25 generators and 40 City customers.

The third party suppliers are:

1. Amazon Data Service South Africa (Pty) Ltd.
2. Brinmar Private Energy Trading South Africa
3. Distributed Power Africa (Pty) Ltd.
4. Energy Exchange of Southern Africa (Pty) Ltd.
5. Energy Partners Utilities (RF) (Pty) Ltd.
6. EnerJ Carbon Management
7. Enpower Trading (Pty) Ltd.
8. Floating Solar (Pty) Ltd.
9. Make A Difference Ventures GP LLC.
10. NEURA Trading (Pty) Ltd.
11. Phofu Solar Plant (RF) (Pty) Ltd.
12. POWERX Proprietary Limited.
13. Redefine Properties Limited
14. Solar Africa Energy (Pty) Ltd.
15. Swish Property Seven (Pty) Ltd.

In terms of Section 4(1) of the City's Electricity Supply By-law of 2010, a third party may supply or contract for the supply of electricity within the jurisdiction of the City, subject to the consent of the City as the Service Authority and subject to the requirements of the Electricity Regulation Act. This report seeks such consent.

In addition, and in terms of Section 4(2) of the By-law, the City as Service Provider may permit the retail wheeling of electricity through its network by another electricity supplier that is licensed for the trading of electricity. Importantly the Electricity

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Regulation Act does not require a licence for wheeling but rather for trading, which is not necessarily implicit in a wheeling transaction. Therefore the requirement for licensing in Section 4(2) is not applicable, which Council is requested to note.

An engagement with regard to the authorisation of participants to participate in the project was held between Electricity Generation and Distribution and Supply Chain Management, and it was determined that there are no supply chain implications relating to such authorisation.

- 4.1. Financial Implications ☒ None ☐ Opex ☐ Capex
- ☐ Capex: New Projects
 - ☐ Capex: Existing projects requiring additional funding
 - ☐ Capex: Existing projects with no Additional funding requirements

4.2. Policy and Strategy ☐ Yes ☒ No

4.3. Legislative Vetting ☐ Yes ☒ No

4.4. Legal Implications ☐ Yes ☒ No

4.5. Staff Implications ☐ Yes ☒ No

4.6. Risk Implications ☐ Yes The risks for approving and/or not approving the recommendations are listed below:

☒ No Report is for decision and has no risk implications.

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☐ No Report is for noting only and has no risk implications.

4.7. POPIA Compliance ☒ Yes It is confirmed that this report has been checked and considered for POPIA compliance.

5 RECOMMENDATIONS

It is recommended that

- (1) Council consents to the aforementioned third parties supplying or contracting for the supply of electricity within the jurisdiction of the City of Cape Town, via participation in the Wheeling Pilot Research Project.
- (2) Council notes that an electricity trading licence is not required for participation in the Wheeling Pilot Research Project and that the requirement for a trading licence in Section 4(2) of the Electricity Supply By-law is thus not applicable.

AANBEVELINGS

Daar word aanbeveel dat:

- (1) Die Stad toestemming verleen dat die voormelde derde partye elektrisiteitsvoorsiening binne die Stad Kaapstad se jurisdiksie kan verskaf of kontrakte daarvoor aangaan.
- (2) Die Raad kennis neem dat 'n elektrisiteitshandelslisensie nie vir deelname aan die elektrisiteitsdeurvoer-loodsnavorsingsprojek nodig is nie, en dat die vereiste vir 'n handelslisensie in artikel 4(2) van die Verordening op Elektrisiteitsvoorsiening dus nie geld nie.

IZINDULULO

Kundululwe ukuba:

- (1) ISixeko masinikezele imvume kula maqela esithathu akhankanywe ngentla apha ukuba abonelele okanye anikezelwe ikhontrakthi engobonelelo ngombane kwimida ephantsi kolawulo lweSixeko saseKapa.

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- (2) IBhunga maliqaphela ukuba ilayisenisi engorhwebo ngombane ayifuneki nganto ukuba uthabathe inxaxheba kwiProwujekthi eliLinge yezoPhando eQhubekayo kwaye ke ngoko, awusebenzi ummiselo ongelayisenisi yorhwebo okwicandelo4(2) woMthetho kaMasipala ongoBonelelo ngoMbane.

ANNEXURES

FOR FURTHER DETAILS CONTACT

NAME	Hoosain Essop	CONTACT NUMBER	021 444 2256
E-MAIL ADDRESS	Hoosain.essop@capetown.gov.za	Hoosain Essop	Digitally signed by Hoosain Essop Date: 2023.02.28 11:43:11 +02'00'
DIRECTORATE	Energy	FILE REF No	
SIGNATURE : DIRECTOR	 Digitally signed by Leslie John Rencontre Date: 2023.02.28 12:04:44 +02'00'		

EXECUTIVE DIRECTOR

NAME: K. Nassiep

DATE: 24 APR 2023

SIGNATURE: 

COMMENT: Supports

The ED's signature represents support for report content and confirms POPIA compliance.

CHIEF FINANCIAL OFFICER

NAME:

DATE:

SIGNATURE: 

Digitally signed by
Kevin Jacoby
Date: 2023.05.03
09:42:28 +02'00'

COMMENT:

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DIRECTOR: POLICY AND STRATEGY

- ☐ SUPPORTED FOR ONWARD SUBMISSION – PRESCRIBED DEVELOPMENT PROCESS FOLLOWED
- ☐ NOT SUPPORTED – PROVIDE COMMENT

NAME HUGH COLE

COMMENT:

DATE

SIGNATURE

MANAGER: LEGISLATIVE VETTING

- ☐ ANNEXURE TO THE REPORT COMPLIANT WITH THE PROVISIONS OF COUNCIL'S POLICIES, BY-LAWS AND ALL LEGISLATION RELATING THERETO.
- ☐ ANNEXURE NON-COMPLIANT WITH POLICIES, BY-LAWS AND STRATEGIES.

NAME TIMOTHY ZEEMAN

COMMENT:

DATE

SIGNATURE

PLEASE NOTE THAT THE ABOVEMENTIONED TWO SIGNATURES ARE ONLY TO BE OBTAINED FOR REPORTS RELATING TO POLICIES, BY-LAWS, STRATEGIES/ FRAMEWORKS AND STANDARD OPERATING PROCEDURES (SOPS) – PLEASE DELETE IF NOT APPLICABLE.

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MAYORAL COMMITTEE MEMBER

NAME

Beverley
Van Reenen

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Beverley Van Reenen
Date: 2023.05.11
14:11:34 +02'00'

COMMENT:

DATE

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SIGNATURE



PLEASE NOTE: THAT THE ABOVEMENTIONED MAYCO MEMBER(S)' SIGNATURE IS ONLY TO BE OBTAINED FOR REPORTS SUBMITTED FOR CONSIDERATION BY MAYCO – PLEASE DELETE IF NOT APPLICABLE.

LEGAL COMPLIANCE

- ☐ REPORT COMPLIANT WITH THE PROVISIONS OF COUNCIL'S DELEGATIONS, POLICIES, BY-LAWS AND ALL LEGISLATION RELATING TO THE MATTER UNDER CONSIDERATION.
- ☐ NON-COMPLIANT

NAME

COMMENT:

DATE

Certified as legally compliant based on the contents of the report.

SIGNATURE

Joan-Mari
Holt

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Date: 2023.05.11 15:16:07
+02'00'

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