

**ELECTRICITY SUPPLY AGREEMENT**

**MANTSOPA MUNICIPALITY  
(LADYBRAND)**



**ESKOM**

**ELECTRICITY SUPPLY AGREEMENT***SECTION A : GENERAL***1. PARTIES**

The parties to this Agreement are -

**ESKOM**

herein represented by RICHARD GEOFFREY AUSTIN in his capacity as ACTING  
CUSTOMER SERVICE REGIONAL MANAGER (NORTH WESTERN REGION)

- AND -

**MANTSOPA MUNICIPALITY**

('the DISTRIBUTOR'), herein represented by ITUMELENG DANIEL LIBA in his  
capacity as MUNICIPAL MANAGER

**2. INTRODUCTION**

It is recorded that -

- 2.1 ESKOM is presently supplying the DISTRIBUTOR, in terms of an existing  
electricity supply agreement dated 14 May / 20 July 1993 (Ref. No.ESK - BLM  
02/93), with electricity in bulk for municipal purposes and for the purpose of  
distribution to consumers within the DISTRIBUTOR's licensed area of supply.

- 2.2 ESKOM is responsible for the distribution of electricity in Manyatseng, an area contiguous to the DISTRIBUTOR's licensed area of supply.
- 2.3 It is an economical arrangement for the present that ESKOM make use of the available capacity which exists in the DISTRIBUTOR's distribution system for the purpose of transmitting such electricity through the said system as ESKOM may require for supplying consumers in the area referred to in subclause 2.2.
- 2.4 The DISTRIBUTOR and ESKOM have agreed that the said supply agreement dated 14 May / 20 July 1993 (Ref. No.ESK - BLM 02/93), shall be terminated and replaced by this Agreement on the date of signing hereof.

### 3. GENERAL AGREEMENT

ESKOM agrees to supply to the DISTRIBUTOR and the DISTRIBUTOR agrees to take from ESKOM all the electricity required by the DISTRIBUTOR for its distribution system, on the terms and conditions set out in this Agreement; subject to the provisions of the Eskom Act, 1987 (Act No. 40 of 1987) and the Electricity Act, 1987 (Act No. 41 of 1987) and the Rules and Regulations issued thereunder (hereinafter referred to as 'the Act' and the 'Electricity Act' respectively), and of the parties distribution licences and ESKOM's Schedule of Standard Prices, as amended or re-enacted from time to time.

### 4. INTERPRETATION AND DEFINITIONS

Unless inconsistent with the context the words and expressions used in this Agreement shall have the same meanings as those assigned to them in the Act, the Electricity Act, the Eskom Distribution Licence and the Eskom Schedule of Standard Prices.

### 5. ANNEXURES

The following annexures referred to in this Agreement shall be deemed to be incorporated herein and to form an indivisible part hereof.

Annexure A - Price List

Annexure B - Quality of Supply Specification

## 6. PERIOD OF AGREEMENT

This Agreement shall be deemed to have come into force with retrospective effect from 1 February 2000, subject to the provisions of this Agreement and the right of either party to terminate this Agreement by giving the other party 12 (twelve) calendar months' notice in writing.

### SECTION B : FINANCIAL

## 7. PRICES FOR ELECTRICITY

7.1 The prices to be charged by ESKOM and to be paid by the DISTRIBUTOR for electricity supplied or made available under this Agreement, shall be the Megaflex prices as prescribed in the Eskom Schedule of Standard Prices, subject however to:

- (a) The provisions of the Act, the Electricity Act and the Eskom Distribution Licence which provide inter alia that ESKOM may from time to time revise or amend the Eskom Schedule of Standard Prices with the approval of the National Electricity Regulator.
- (b) ESKOM's right to periodically adjust the prices it charges for electricity supplied in accordance with Section 15(1)(b) of the Act and with the approval of the National Electricity Regulator.

Particulars of the Megaflex prices currently in force are set out in Annexure 'A'.

7.2 The DISTRIBUTOR shall furthermore, in addition to the said Megaflex prices payable under subclause 7.1, pay to ESKOM a monthly conversion surcharge of such amounts and for such periods as specified below :


METER-READING MONTHS	MONTHLY CONVERSION SURCHARGE
Feb 2000 – Jan 2001	R14 704,00 (+ VAT @ 14 % = R16 762,56)



## 8. CAPITAL EXPENDITURE : MONTHLY RENTAL

The DISTRIBUTOR shall pay to ESKOM in respect of the capital expenditure and costs incurred and/or to be incurred by ESKOM in making this bulk supply of electricity available to the DISTRIBUTOR the sum of R 6 650,00 (six thousand six hundred and fifty rands) (+ VAT @ 14% = R7 581,00) per month (hereinafter referred to as the 'monthly rental'), subject however to the proviso that the monthly rental (before the addition of VAT at the prescribed rate) shall be rebated, but not beyond extinction, in respect of each month during which electricity is taken by R2,00 (two rands) for each kilowatt of the actual maximum demand recorded during peak or standard periods in that month.

The monthly rental or the net amount thereof, if any, as determined above, shall be payable :

-  (i) for a period not exceeding 83 (eighty-three) months reckoned from 1 February 2000, subject to this Agreement remaining in force, and that if the monthly rental is increased at any time as is provided for in Clause 11, the amount by which the monthly rental is increased shall be payable until such date as is agreed between the parties, or until the supply is terminated, whichever date is the earlier; and
- (ii) monthly, whether any electricity is taken in any month or not, at the same time as the prices payable under Clause 7.

## 9. PAYMENT OF ELECTRICITY ACCOUNTS

- 9.1 Electricity accounts for all charges payable under this Agreement shall be sent to the DISTRIBUTOR as soon as possible after the end of each month (i.e. meter-reading month, as per the definition of 'month' in the Eskom Schedule of Standard Prices), and each account shall be due and payable on the date the account is received by the DISTRIBUTOR, which date, for purposes of the agreement, shall be deemed to be not later than 5 (five) days from the date of the account.

- 9.2 Should payment not be received within a period of 10 (ten) days from the date the account is deemed to have become due and payable in terms of subclause 9.1, ESKOM may discontinue the bulk supply to the DISTRIBUTOR and/or terminate the electricity supply agreement after having given the DISTRIBUTOR 14 (fourteen) days written notice. The amount outstanding shall bear interest compounded monthly from the due date to date of payment, at a rate per annum equal to the prevailing prime overdraft rate charged by First National Bank of Southern Africa Limited plus 5% (five per centum).
- 9.3 Should the DISTRIBUTOR dispute an account, it shall not be entitled to reduce or set off its debt or defer payment thereof beyond the period allowed for in subclause 9.2; but the matter in dispute shall be resolved as soon as possible thereafter and such account shall be adjusted if necessary. If a manifest error is however evident, the DISTRIBUTOR shall be entitled to pay in lieu of the amount claimed an amount equal to the average of the accounts rendered for the preceding three consecutive months.
- 9.4 Should the DISTRIBUTOR be incorrectly charged for any amounts payable in terms of the electricity supply agreement as a result of human error, ESKOM shall inform the DISTRIBUTOR of the correct amounts payable and the reasons therefor.

In the case of the DISTRIBUTOR being overcharged, ESKOM shall as soon as practicable either credit the DISTRIBUTOR's electricity account or reimburse the DISTRIBUTOR with the total amount overcharged. The said amount shall include interest, compounded monthly from the date that the error occurred to the date of payment, at a rate per annum equal to the prevailing prime overdraft rate charged by First National Bank of Southern Africa Limited.

In the case of the DISTRIBUTOR being undercharged, ESKOM shall debit the DISTRIBUTOR's electricity account with the total amount undercharged and such amount shall be payable by the DISTRIBUTOR on such terms as may be agreed to by ESKOM; subject to the proviso that the DISTRIBUTOR may pay the amount over a period commensurate with the amount undercharged, but such period shall be limited to a maximum period of 6 (six)



months. The amount outstanding shall bear interest, compounded monthly, from the date the DISTRIBUTOR's account has been debited in terms of this Clause to date of payment, at a rate per annum equal to the prevailing prime overdraft rate charged by First National Bank of Southern Africa Limited.

- 9.5 A certificate under the signature of a duly authorised employee of ESKOM setting out the amount due and payable by the DISTRIBUTOR at any time in terms of the electricity supply agreement, shall be sufficient and prima facie proof, subject to manifest error, of the DISTRIBUTOR's debt for the purpose of insolvency and legal proceedings and the obtaining of provisional sentence.

## **10. SECURITY - ELECTRICITY ACCOUNTS**

If the DISTRIBUTOR should at any time be in arrears with the payment of electricity accounts, the DISTRIBUTOR shall be obliged to furnish ESKOM with security for the due payment of such accounts within 30 (thirty) days of being called upon by ESKOM to do so. The security shall be such as is acceptable to ESKOM and the convertible value shall be sufficient to cover the estimated amount payable by the DISTRIBUTOR for the bulk supply during any period of 3 (three) consecutive months.

## **11. AMENDMENT OF TERMS - ADDITIONAL CAPITAL EXPENDITURE**

In the event of the DISTRIBUTOR requiring ESKOM to provide an increased bulk supply in accordance with the provisions of Clause 12, such variation in the bulk supply shall be subject to such terms and conditions as are agreed between the parties and confirmed in writing in accordance with subclause 22.2; failing such agreement, no increased bulk supply shall be provided by ESKOM. Any resultant adjustment of the amount referred to in Clause 8, shall take account not only of the additional capital expenditure incurred or to be incurred by ESKOM in increasing the DISTRIBUTOR's bulk supply but also the additional capacity of ESKOM's distribution system made available and/or reserved to meet the DISTRIBUTOR's increased demand.

## SECTION C : TECHNICAL

### 12. NOTIFIED MAXIMUM DEMAND AND NOTIFICATION OF ADDITIONAL DEMANDS

- 12.1 ESKOM's obligation shall be to make available and supply to the DISTRIBUTOR a supply of electricity up to the maximum capacity represented by the notified maximum demand of the DISTRIBUTOR, as increased from time to time by the additional demands of the DISTRIBUTOR, notified to and accepted by ESKOM in accordance with the provisions of subclause 12.3.
- 12.2 The notified maximum demand of the DISTRIBUTOR at the date of this Agreement is 6,5 MVA (six comma five megavolt ampere).
- 12.3 The DISTRIBUTOR undertakes to notify ESKOM in writing each year of the notified maximum demand (in both peak and standard periods) for each of three succeeding years. Should the DISTRIBUTOR however at any time require an increased bulk supply from ESKOM (over and above the notified maximum demand in force from time to time), it shall give adequate notice in writing to ESKOM of the increased demands which it requires ESKOM to supply and the dates at which such increased demands is/are required.

Any variation in the DISTRIBUTOR's notified maximum demand shall be dealt with in accordance with the procedure set out in the definition of 'notified maximum demand' in the Eskom Schedule of Standard Prices and the provisions of Clause 11 of this Agreement.

### 13. WHEELING OF ELECTRICITY TO MANYATSENG

- 13.1 The DISTRIBUTOR agrees and consents to ESKOM transmitting electricity for an indefinite period through the DISTRIBUTOR's distribution system, from the point of delivery referred to in Clause 14 to the take-off point, being the terminals at ESKOM's meters on the outgoing feeders to Manyatseng at Ladybrand Substation.



### 13.2 MEASUREMENT AND ADJUSTMENT OF ENERGY AND POWER TRANSMITTED

13.2.1 The quantities of electrical energy (kWh) and power (kVA) transmitted by ESKOM in terms of subclause 13.1, shall be measured by the DISTRIBUTOR and confirmed by ESKOM at the said take-off point half-hourly. There are no energy and power losses resulting from the transmission of electricity between the point of delivery and the take-off point.

13.2.2 The resultant half-hourly kilowatt hours and kilovolt ampere measurements as determined above, shall be deducted in each month (i.e. 'meter reading month' as defined in the ESKOM schedule of Standard Prices) from the quantities measured half-hourly at the point of delivery referred to in Clause 14 and recorded in the electricity accounts rendered to the DISTRIBUTOR.

### 13.3 WHEELING CHARGE

13.3.1 ESKOM shall pay to the DISTRIBUTOR the sum of R 1008,00 (one thousand and eight rands) per month ('the wheeling charge'), for the duration of this wheeling arrangement, as compensation for the operating and maintenance costs and as compensation for capital costs incurred by the DISTRIBUTOR on the portion of its distribution system between the point of delivery and the take-off point. The wheeling charge shall be subject to the DISTRIBUTOR's annual tariff increase.

13.3.2 The wheeling charge shall be payable monthly whether any electricity is taken in any month or not.

13.3.3 Should the notified maximum demand referred to in subclause 13.5.2 be exceeded in any given month, a charge of R0,40/kVA shall be applied to the actual maximum demand measured in terms of subclause 13.2.1 and the resultant amount shall replace the charge payable for the next 12 (twelve) months.

#### 13.4 QUALITY OF SUPPLY

13.4.1 The DISTRIBUTOR undertakes to operate and maintain its distribution system in such a way as will ensure that ESKOM will receive a reliable and continuous supply of electricity at the said take-off point which is to ESKOM's reasonable satisfaction, and that the quality of the electricity at the said take-off point shall meet the requirements of the Rationalised User Specification for Quality of Supply issued by the South African Bureau of Standards ('NRS 048).

13.4.2 Should the DISTRIBUTOR exceed any of the limits specified in NRS 048, the DISTRIBUTOR shall be required to implement appropriate measures to rectify the quality of supply as soon as is practicable. The DISTRIBUTOR shall inform ESKOM of the remedial action it intends taking and when the situation is expected to be normalised.

13.4.3 Should the DISTRIBUTOR fail to take remedial action within a reasonable period ESKOM shall be entitled to terminate the wheeling arrangement.

13.4.4 ESKOM shall be entitled to claim damages from the DISTRIBUTOR for any claims from ESKOM's customers as a result of the DISTRIBUTOR's failure to comply with NRS 048.

#### 13.5 AGREED MAXIMUM DEMAND AND FUTURE INCREASES IN SUPPLY

13.5.1 The DISTRIBUTOR agrees to reserve capacity on its distribution system to enable ESKOM to transmit electricity up to the notified maximum demand, increased from time to time by the additional demands of ESKOM, notified to and accepted by the DISTRIBUTOR in accordance with the provisions of subclause 13.5.3 below.

13.5.2 The notified maximum demand of the supply taken by ESKOM from the take-off point, shall be 2 500 kVA (two thousand and five hundred kilovolt amperes) at the date of this Agreement.

13.5.3 Should ESKOM require an increase in the maximum demand of the supply taken, ESKOM shall give the DISTRIBUTOR not less than 90 (ninety) days' written notice of its requirements. The parties shall



negotiate the terms and conditions for such an increase in the maximum demand, on the understanding that should assets be created to accommodate an increase in the maximum demand, the charges referred to subclause 13.3 shall be adjusted to reflect the increase in the distribution system cost. The DISTRIBUTOR shall finance and retain ownership of the assets.

13.5.4 In the event that the DISTRIBUTOR cannot increase the capacity of its distribution system as required by ESKOM in terms of subclause 13.5.3, ESKOM shall be allowed to construct and maintain a distribution system within the DISTRIBUTOR's licensed area of supply. The ownership of such assets shall remain with ESKOM. No wheeling charges shall be payable by ESKOM to the DISTRIBUTOR on such assets.

#### 13.6. TERMINATION OF WHEELING

Subject to the provisions of subclause 13.4.3 and notwithstanding anything to the contrary contained in this Agreement, it is specifically agreed, that this wheeling arrangement shall not be terminated without the written agreement of both parties.

#### 14. POINT OF DELIVERY

The electricity supplied by ESKOM shall be delivered to the DISTRIBUTOR at the 11kV busbar at ESKOM's Ladybrand Substation and at such additional points of delivery as may from time to time be mutually agreed between the parties.

#### 15. FORM AND QUALITY OF ELECTRICITY TO BE SUPPLIED

15.1 Electricity shall be supplied as three-phase alternating current at a nominal frequency of 50Hz (fifty hertz), subject to Regulation 9(3) of the Electricity Act, and at a declared voltage of 11kV (eleven thousand volts)

15.2 ESKOM will furnish the DISTRIBUTOR with a reliable and continuous supply of electricity in bulk. However, it is not practicable for ESKOM to guarantee that the continuity and voltage quality of the bulk supply will always be maintained under all contingencies. It is therefore incumbent on the DISTRIBUTOR to ascertain from ESKOM the nature of the protection provided on the bulk supply and the DISTRIBUTOR shall take adequate



measures to protect its business and distribution system against any losses and/or damage arising from supply interruptions / supply reductions or voltage distortions / voltage dips in the supply to its distribution system.

#### 15.2.1 Continuity or Reduction of Supply

- (a) ESKOM shall have the right, for purposes of the efficient operation and extension of ESKOM's distribution and/or transmission systems and also in emergencies, to temporarily interrupt the bulk supply to the DISTRIBUTOR, subject to any limits prescribed in NRS 048.
- (b) ESKOM and the DISTRIBUTOR shall collaborate in determining the portion of the DISTRIBUTOR's load which it will reduce through ESKOM's Load Curtailment and/or Manual Load-shedding and/or Under-frequency Load-shedding schemes, or by other agreed means, if ESKOM should experience a shortage of generating and/or transmission capacity.

#### 15.2.2 Voltage Quality

Details of the parties' obligations in respect of the voltage quality aspects of the supply, are specified in Section B, C.1.2, C.1.3, C.1.4 and C.1.5 of Annexure 'B'.

- 15.3 ESKOM shall not be liable for damages, expenses or costs caused to the DISTRIBUTOR from any reduction of or interruption in the bulk supply, or any variation of voltage or frequency, or any failure to supply electricity, unless the said reduction, interruption, variation or failure is due to the negligence of ESKOM.

In the event that ESKOM should be liable for damage caused to the DISTRIBUTOR as a result of any such reduction in load or any interruption in the bulk supply, or any variation of voltage or frequency or any failure to supply electricity, such liability shall be limited to direct damage excluding consequential damages. Consequential damages includes, but is not limited to, loss of production and loss of profit.

## 16. POWER FACTOR

The power factor at the point of delivery shall under all loading conditions not be leading, unless otherwise agreed to by ESKOM.

The power factor of the load at the point of delivery shall not be less than 0,85 (nought comma eight five) lagging. Should the power factor be less than 0,85 (nought comma eight five), the DISTRIBUTOR shall be required to install at its own expense suitable apparatus to ensure that this requirement is complied with.

For purposes hereof 'power factor' is defined as the kWh divided by the kVAh (where the kVAh equals the square root of the sum of the kWh squared and the kvarh squared) measured over the same demand integrating period.

## 17. ACCOMMODATION FOR ESKOM'S EQUIPMENT

- 17.1 The DISTRIBUTOR has provided and shall continue for the duration of this Agreement to provide and maintain in good order at its expense a site to be mutually agreed upon and such accommodation, including structures, as ESKOM may reasonably require for accommodating its equipment and apparatus.

The said accommodation shall be designed, situated and provided with suitable access thereto to the reasonable satisfaction of ESKOM for the purpose of erecting and/or connecting up, inspecting, operating and maintaining the equipment and apparatus of ESKOM therein.

- 17.2 ESKOM shall have the right, after having given the DISTRIBUTOR prior written notice, to use the said accommodation in which its equipment and apparatus is installed for the purpose of supplying other consumers and, if necessary, to call upon the DISTRIBUTOR to extend the same for such purpose; but the cost of any extension of the said accommodation which is required solely for the purpose of supplying other consumers shall be for the account of ESKOM.



## **18. EQUIPMENT AND APPARATUS TO BE SUPPLIED BY ESKOM**

- 18.1 All equipment and apparatus up to the point of supply at the point of delivery referred to in Clause 14 shall be provided, installed, operated and maintained by ESKOM.
- 18.2 The DISTRIBUTOR shall not, except in cases of emergency or at the request of or in terms of a special authorisation from ESKOM, operate or interfere with the apparatus of ESKOM.
- 18.3 Notwithstanding any payments made by the DISTRIBUTOR to ESKOM in respect of the capital expenditure and costs incurred by ESKOM in making a bulk supply of electricity available to the DISTRIBUTOR, all material, equipment and apparatus erected or installed by ESKOM in pursuance of the electricity supply agreement shall be and remain the property of ESKOM.

ESKOM shall have the right to use such electrical equipment and apparatus for purposes of supplying other consumers, and also upon termination of the electricity supply agreement to enter upon the premises/property of the DISTRIBUTOR and remove therefrom all such material, equipment and apparatus.

## **19. APPARATUS TO BE PROVIDED BY DISTRIBUTOR**

- 19.1 The DISTRIBUTOR shall, at its own expense, provide, erect, connect up, operate and maintain all circuits required to connect its electricity distribution system with the points of supply and all apparatus necessary for controlling such circuits to the reasonable satisfaction of ESKOM, including efficient apparatus and switchgear for the protection of the apparatus of ESKOM against overload, faults and lightning on the DISTRIBUTOR's distribution system. The protection settings of the DISTRIBUTOR's fault and overload equipment shall be agreed with ESKOM to ensure appropriate protection grading.



ESKOM shall be entitled to recover from the DISTRIBUTOR any direct loss or expenses incurred by ESKOM by reason of damage to ESKOM's plant and equipment or otherwise by reason of failure of the DISTRIBUTOR to comply with the provisions of this Clause.

- 19.2 The apparatus of the DISTRIBUTOR shall be of good design and construction, properly installed and maintained by the DISTRIBUTOR.
- 19.3 The DISTRIBUTOR shall not at any time load in excess of its rated capacity the transmission lines, equipment and apparatus provided by ESKOM, and ESKOM shall be entitled in the event of an overload occurring to interrupt the bulk supply.

## 20. MEASUREMENT OF SUPPLY

- 20.1 Appropriate metering equipment for measuring the electricity supplied by ESKOM to the DISTRIBUTOR shall be provided, installed and kept in repair by ESKOM.
- 20.2 The quantities of electrical energy and power supplied shall be measured and recorded by ESKOM and electricity accounts shall be rendered monthly on the basis of such measurements. The records of such measurements shall at all reasonable times be open for inspection by the DISTRIBUTOR or its authorised representative.
- 20.3 During any period when a meter/recorder has not registered or ESKOM's records show that the reading is unreliable due to the meter or any associated equipment being defective, a reasonable estimate shall be made by ESKOM of the correct quantity for each of the months in question and the account(s) for such period shall be based on such estimate; provided that where the DISTRIBUTOR has its own meter(s) installed, ESKOM shall take account of the evidence provided by such meter(s) in estimating the correct quantity/quantities.

20.4 Where duplicate meters/recorders have been installed the average of the readings of the main and check meters/recorders shall be used for purposes of calculating the account. If the readings at any time differ by more than 2% (two per centum) from the average of the two readings, then for the purposes of rendering accounts, if ESKOM's records show that the discrepancy is attributable to one meter/recorder only, the reading of the other meter/recorder shall be taken but if the discrepancy may be due to the inaccuracy of both meters/recorders a reasonable estimate shall be made by ESKOM of the correct quantity. Such meters/recorders shall as soon as possible be tested and the account adjusted in accordance with the provisions of Clause 21 after the inaccuracy has been ascertained.

## **21. TESTING OF METERS / METERING INSTALLATIONS**

21.1 ESKOM shall have the right to test the metering installation at any time and if any such test shows a meter/recorder inaccuracy exceeding 2% (two per centum) fast or slow or an overall metering installation inaccuracy exceeding 5% (five per centum), the same shall in the absence of evidence to the contrary be deemed to have existed since the second-last meter-reading date prior to the date of testing, and the account(s) shall be adjusted accordingly as soon as practicable after the inaccuracy has been ascertained.

21.2 If within 30 (thirty) days of the rendering of any monthly electricity account the DISTRIBUTOR requests ESKOM in writing to test the meter(s)/recorder(s) and/or the metering installation(s), ESKOM shall do so on payment by the DISTRIBUTOR of the appropriate meter test fee(s) and/or the estimated cost that ESKOM would incur in testing the metering installation(s), and if such test shows a meter/recorder inaccuracy exceeding 2% (two per centum) or an overall metering installation inaccuracy exceeding 5% (five per centum), the same shall in the absence of evidence to the contrary be deemed to have existed since the commencement date of the month for which such account was rendered, and the account(s) shall be adjusted accordingly as soon as practicable after the inaccuracy has been ascertained, and the aforesaid fee(s) and/or costs paid in advance shall be refunded to the DISTRIBUTOR.



If the test shows the inaccuracy to be less than 2% (two per centum) and/or 5% (five per centum) respectively, the account(s) shall stand as rendered and the aforesaid fee(s) and/or costs paid by the DISTRIBUTOR shall be forfeited to ESKOM.

#### **SECTION D : LEGAL**

### **22. ENTIRE AGREEMENT AND VARIATION / BREACH OF TERMS AND CONDITIONS**

- 22.1 This Agreement constitutes the sole and entire agreement between the parties and supersedes all previous negotiations, arrangements or agreements in respect of the subject-matter of this Agreement, other than separate agreements or documents relating to rights-of-way and/or servitudes.
- 22.2 Save as provided for in Clauses 7 and 10, no variation, modification or waiver of any provision of this Agreement, or consent to any departure therefrom, shall in any way be of any force or effect unless confirmed in writing and signed by the parties and then such variation, modification, waiver or consent shall be effective only in a specific instance and for the purpose and to the extent for which it was made or given. Furthermore, any failure, delay, relaxation or indulgence on the part of either party in enforcing any provision of this Agreement shall not be deemed or construed to be a waiver thereof.
- 22.3 Should the DISTRIBUTOR fail to comply fully with any of the conditions of this Agreement, ESKOM shall be entitled to give the DISTRIBUTOR notice of such default and if the DISTRIBUTOR fails to remedy the default within 14 (fourteen) days after receiving such notification, or if circumstances justify it such other period as may be agreed between the parties, ESKOM may forthwith discontinue the supply to the DISTRIBUTOR and/or terminate this Agreement, without prejudice to any claim ESKOM may have for electricity supplied or for damages suffered by the default on the part of the DISTRIBUTOR; provided however that if the default is such that in the opinion of ESKOM it would be dangerous to continue the supply to the DISTRIBUTOR, ESKOM may discontinue the supply without the prior notification aforesaid. ESKOM shall however forthwith inform the



DISTRIBUTOR of its reasons for discontinuing the supply. The supply shall be restored as soon as practicable after the DISTRIBUTOR has remedied the default and paid the requisite reconnection fee.

## **23. RIGHTS-OF-WAY**

- 23.1 The DISTRIBUTOR shall grant to ESKOM free of charge right(s)-of-way in perpetuity over property owned by the DISTRIBUTOR, along a route or routes to be agreed, for (a) the overhead electric power line(s) and/or underground electric cable(s) which ESKOM requires to erect, lay or install in connection with the bulk supply of electricity to the DISTRIBUTOR and (b) any extension(s) of such line(s) and/or cable(s) to other consumers of ESKOM. The right(s)-of-way under (a) may be used by ESKOM to supply other consumers of ESKOM, as long as it does not disadvantage the DISTRIBUTOR.

Furthermore, the DISTRIBUTOR shall undertake to assist ESKOM in acquiring right(s)-of-way over any ground or immovable property within the DISTRIBUTOR's licensed area of supply as may be required by ESKOM in connection with the bulk supply of electricity to the DISTRIBUTOR.

- 23.2 Should ESKOM so desire the said rights may be registered as notarial servitudes against the title deeds of the DISTRIBUTOR's property. The DISTRIBUTOR undertakes that after the granting of any such rights to ESKOM, any sale or alienation of the said property by the DISTRIBUTOR before the registration of the said rights shall be made subject to ESKOM's right to secure registration of such servitudes. The DISTRIBUTOR shall give written notice, receipt acknowledged, to any person who wishes to acquire the said property, of the said rights in perpetuity referred to in subclause 23.1 and it shall provide ESKOM with the original notice and acknowledgement of receipt. If the DISTRIBUTOR fails to comply with the provisions of this subclause, it shall be liable to ESKOM for all costs that ESKOM may incur if the person acquiring the property instructs ESKOM to move the overhead lines or underground cables as set out in subclause 23.3. The costs shall be paid within 7 (seven) days of written demand from ESKOM, failing which interest will be payable on the outstanding amount in terms of subclause 9.2.

- 23.3 The said rights shall include provisions for access at all reasonable times to enable ESKOM to operate, maintain, repair, remove or replace any or all of the equipment of ESKOM.
- 23.4 All legal expenses in connection with the execution and registration of the said rights shall be borne by ESKOM.
- 23.5 If the DISTRIBUTOR should require ESKOM to change the route of any overhead electric power lines and/or underground electric cables across its property or the position of ESKOM's equipment or meters, the cost to be incurred by ESKOM in effecting the change or removal shall be borne, and paid in advance, by the DISTRIBUTOR.

## 24. NOTICES / ADDRESSES

- 24.1 Any notice, notification, request, demand or other communication for any purpose under this Agreement shall be in writing addressed -

in the case of the DISTRIBUTOR as follows :

P.O Box 64  
Ladybrand  
9745

marked for the attention of the <sup>Municipal Manager</sup> ~~Town Clerk~~;

and in the case of ESKOM as follows :

P.O Box 356  
Bloemfontein  
9300

marked for the attention of the Customer Service Regional Manager  
(North Western Region);

or to such other addresses, or for the attention of such other persons or department, as ESKOM and the DISTRIBUTOR may from time to time notify to each other.

24.2 All notices, notifications, requests, demands or other communications including accounts, shall be deemed to have reached the other party -

24.2.1 if delivered by hand, on the date of delivery;

24.2.2 if posted by ordinary mail or registered post, on the fifth calendar day following the date of such posting, and in the case of an account on the fifth calendar day following the date of the account;

24.2.3 if transmitted by facsimile or any other electronic medium acceptable to both parties, on the first business day following the date of despatch.

24.3 For the purpose of this Agreement the DISTRIBUTOR's *domicilium citandi et executandi* shall be:

Town Offices  
Joubert Street  
Ladybrand  
9745


and ESKOM's *domicilium citandi et executandi* shall be:

Megawatt Park  
Maxwell Drive  
Sunninghill Ext. 3  
2199 SANDTON

Either party may, by written notice to the other, change its abovementioned *domicilium*.



SIGNED for and on behalf of the **DISTRIBUTOR** on 30 August 2001

  
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ID LIBA

As Witnesses :

1. Valente


2. Gains

SIGNED for and on behalf of **ESKOM** on 12th July 2001

  
-----  
R G Austin

As Witnesses :

1. 

2. 

**MEGAFLEX PRICES - 2001**

For electricity supplied to a consumer who has agreed to be charged for his supply on a time-of-use basis with a maximum demand charge, and provided his notified maximum demand is 1 megavolt-ampere or more and he is not supplied from a rural reticulation network, the following charges shall apply :

- (a) A basic charge of R61,53 (+ VAT = R70,14) per month for each point of delivery (for meter reading, billing and other customer specific services), which charge shall be payable every month whether any electricity is used or not.
- (b) A demand charge for the maximum demand supplied in the month and computed over half-hourly integrating periods at the rate of -
  - R12,87 (+ VAT = R14,67) per kilowatt per month for the maximum demand supplied during peak or standard periods in the calendar months June to August.
  - R11,59 (+ VAT = R13,21) per kilowatt per month for the maximum demand supplied during peak or standard periods in the calendar months September to May.
  - No demand charge shall be applicable during off-peak periods.
- (c) An energy charge for electrical energy supplied in the month determined as follows :
  - 31,05 cents (+ VAT = 35,40c) per kilowatt-hour supplied during peak periods in the calendar months June to August, and 20,90 cents (+ VAT = 23,83c) per kilowatt-hour supplied during peak periods in the calendar months September to May.

- 13,03 cents (+ VAT = 14,85c) per kilowatt-hour supplied during standard periods in the calendar months June to August, and 11,69 cents (+ VAT = 13,33c) per kilowatt-hour supplied during standard periods in the calendar months September to May.
  - 7,47 cents (+ VAT = 8,52c) per kilowatt-hour supplied during off-peak periods in the calendar months June to August, and 6,72 cents (+ VAT = 7,66c) per kilowatt-hour supplied during off-peak periods in the calendar months September to May.
- (d) If the sum of the amounts of the demand charge in paragraph (b) above and the energy charge in paragraph (c) above, divided by the number of kWh supplied in the month, exceeds 43,16 cents (+ VAT = 49,20c) per kWh, then the demand charge in paragraph (b) above, together with the energy charge in paragraph (c) above, will for the month concerned be cancelled and be replaced by a charge at the rate of 43,16 cents (+ VAT = 49,20c) per kWh of electrical energy supplied in the month.
- (e) The sum of the amounts determined under paragraphs (b) and (c), or (d) above, whichever is applicable, shall be subject to a voltage percentage discount of -
- Nil where supply is furnished at a nominal voltage lower than 500 volts.
  - 5,33% where supply is furnished at a nominal phase-to-phase voltage at and above 500 volts and below 66 000 volts.
  - 7,13% where supply is furnished at a nominal phase-to-phase voltage at and from 66 000 volts up to and including 132 000 volts.
  - 12,75% where supply is furnished at a nominal phase-to-phase voltage above 132 000 volts.

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- (f) For every kilovar-hour registered in excess of 30% of the kilowatt-hours supplied during peak and standard periods, the reactive energy charge shall be 2,68 cents (+ VAT = 3,06c). The charge for the excess kilovar-hours shall be calculated separately for each half-hour and accumulated for the month.
- (g) The sum of the amounts determined under paragraphs (b), (c) and (f) above or (d) and (f) above, whichever is applicable, less the discount in paragraph (e), shall be subject to a transmission percentage surcharge of -
- Nil for points of delivery situated a linear distance up to and including 300 kilometers from Johannesburg.
  - 1% for points of delivery situated a linear distance exceeding 300 and up to and including 600 kilometers from Johannesburg.
  - 2% for points of delivery situated a linear distance exceeding 600 and up to and including 900 kilometers from Johannesburg.
  - 3% for points of delivery situated a linear distance from Johannesburg exceeding 900 kilometers.
- (h) The peak, standard and off-peak time periods referred to in paragraphs (b), (c) and (f) above, are as follows :

Day	Peak	Standard	Off-peak
Weekday	07:00-10:00 18:00-20:00	06:00-07:00	00:00-06:00
		10:00-18:00	
		20:00-22:00	
			22:00-24:00
Saturday	None	07:00-12:00	00:00-07:00
		18:00-20:00	12:00-18:00
			20:00-24:00
Sunday	None	None	00:00-24:00

The public holidays in 2001 shall be regarded as follows:		
1 January 2001	New Year's Day	Sunday
21 March 2001	Human Rights' Day	Saturday
13 April 2001	Good Friday	Sunday
16 April 2001	Family Day	Sunday
27 April 2001	Freedom Day	Saturday
1 May 2001	Workers Day	Saturday
16 June 2001	Youth Day	Saturday
9 August 2001	National Women's Day	Saturday
24 September 2001	Heritage Day	Saturday
16 December 2001	Day of Reconciliation	Sunday
17 December 2001	Public Holiday	Saturday
25 December 2001	Christmas Day	Sunday
26 December 2001	Day of Goodwill	Sunday

NOTE : The prices as specified in this appendix include value-added tax (VAT) at the prescribed tax rate of 14%.

The charges and rates excluding VAT are also shown as these are used in the monthly electricity account to calculate the individual tariff components (e.g. basic charge, demand charge, energy charge and reactive energy charge) before VAT is added on. This is done for the convenience of the customer so as to facilitate the claiming of input tax where applicable and to allow for part exemptions and zero rating.

All monthly capital charges as well as special charges for services rendered, shall be subject to VAT at the prescribed tax rate.

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ADDENDUM TO ELECTRICITY SUPPLY AGREEMENT (REF. NO. ESK - NS0260)

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**QUALITY OF SUPPLY SPECIFICATION**

**A. POINT OF COMMON COUPLING**

The point of common coupling shall be the 88 kV busbar at ESKOM's Ladybrand Substation under normal operating conditions.

**B. ESKOM'S OBLIGATIONS**

**VOLTAGE QUALITY**

1. ESKOM shall maintain the voltage harmonics, voltage unbalance, and voltage flicker at the point of delivery in compliance with the limits specified in Part 2 of NRS 048, as revised from time to time.
2. In the event of the voltage quality limits referred to in Section B.1 being exceeded, ESKOM shall take appropriate measures to rectify the voltage quality as soon as is practicable. ESKOM shall inform the DISTRIBUTOR of the remedial action it intends taking and when the situation is expected to be normalised.
3. ESKOM shall at its own cost take the necessary remedial action when the sum of consumer interaction at the point of common coupling exceeds the voltage quality limits referred to in Section B.1 provided that all consumers connected to the point of common coupling are within their individually allocated apportionment.

4. With reference to Regulation 9(2)(b) of the Electricity Act, it is a specific condition of supply that the maximum percentage by which the supply voltage may differ from the declared voltage for a period longer than ten consecutive minutes, shall be 7,5% (seven comma five per centum) above or below the declared voltage.

## C. THE DISTRIBUTOR'S OBLIGATION

The DISTRIBUTOR shall so use the bulk supply as not to interfere with an efficient and economical supply to other consumers of ESKOM, and shall ensure that any voltage distortions caused by the DISTRIBUTOR's load or equipment or that of its end-users, shall not at any time exceed the limits specified in Section C.1.2, C.1.3 and C.1.4 (the prescribed limits having been determined in accordance with NRS 048).

### 1.1 FAULT LEVELS AND NOTIFIED MAXIMUM DEMANDS

The voltage quality limits specified in Sections C.1.2, C.1.3 and C.1.4 are based on the following fixed values:

- (a) Fault level (three-phase) : 1,2 kVA  
(one comma two kilovolt ampere)
- (b) Notified maximum demand : 6,5 MVA  
(six comma five megavolt ampere)

### 1.2 HARMONIC CURRENT INJECTION

The maximum permissible harmonic current injection from the DISTRIBUTOR at the point of common coupling shall be:

Harmonic Order	2	3	4	5	7	9	11	13	23	25
Current (A)	4,2	1,2	1,4	0,4	0,4	0,6	0,5	0,4	0,2	0,2

All other harmonics must be in accordance with the voltage harmonic limits as specified in Part 2 of NRS 048.



### 1.3 VOLTAGE FLICKER

The maximum permissible contribution to flicker by the DISTRIBUTOR at the point of common coupling shall be:

Short term flicker (determined over a 10 minute period),

$P_{st} = 0,6$  (nought comma six)

Long term flicker (determined over a 2 hour period),

$P_{lt} = 0,5$  (nought comma five)

### 1.4 VOLTAGE UNBALANCE

The maximum permissible contribution to voltage unbalance by the DISTRIBUTOR at the point of common coupling shall be:

% Voltage unbalance = 0,8 % (nought comma eight per centum)

### 1.5 RAPID VOLTAGE CHANGE

The DISTRIBUTOR shall ensure that rapid voltage changes [as defined in chapter 9 of IEC – 1000-3-7] originating from its load or equipment due to the starting of large loads or the switching of equipment, as recorded by ESKOM at the point of common coupling, shall not exceed the following emission limits:

Number of changes per hour (r)	Percentage change in the voltage
$r < 1$	4
$1 < r \leq 10$	3
$10 < r \leq 100$	2
$100 < r < 1000$	1,25

### 1.6 REMEDIAL ACTION AND NOTICE OF EXTENSIONS

1.6.1 Should any one of the voltage quality limits specified in Section C.1.2, C.1.3, C.1.4 and C.1.5 be exceeded, the DISTRIBUTOR shall be required to implement such operational measures or at its own expense install corrective equipment as may be necessary to reduce the voltage distortion caused by the DISTRIBUTOR's load or equipment or that of its end-users to within the specified limits.

1.6.2 ESKOM shall monitor the harmonic current injection, the voltage flicker, voltage unbalance and rapid voltage changes, in accordance with the provisions of Section D to ensure that the limits as specified herein are not exceeded and shall in the event of an infringement inform the DISTRIBUTOR thereof by facsimile in order that remedial action may be taken by the DISTRIBUTOR without delay.

Remedial action shall be taken by the DISTRIBUTOR immediately after being informed that an infringement has occurred, or where circumstances justify it within a period of time as may be agreed between the parties. If agreement on the period to be allowed for the DISTRIBUTOR to correct any infringement of the specified limits cannot be reached within 30 (thirty) days of the infringement occurring, the period shall finally be determined by the National Electricity Regulator.

1.6.3 The DISTRIBUTOR shall give adequate notice in writing to ESKOM of the installation of power factor correction equipment connected to the DISTRIBUTOR's distribution system at a voltage of 11kV and above and/or any other changes which may impact the power quality or impedance at the point of common coupling to the ESKOM system to enable countermeasures to be taken timeously.

D. MEASUREMENT/ VARIATION OF QUALITY OF SUPPLY

- 1.1 ESKOM shall monitor the quality of supply (continuity, harmonic current injection, the voltage flicker, voltage unbalance and voltage regulation) at the point of common coupling and ESKOM and the DISTRIBUTOR shall collaborate in drawing up appropriate operational procedures to facilitate the monitoring and reporting of the quality of supply. ESKOM shall install appropriate metering equipment at the said point of common coupling for this purpose.
- 1.2 ESKOM shall measure the power quality in accordance with the requirements specified in Part 3 of NRS 048 and shall apply the relevant assessment method prescribed in Part 2 of NRS 048 to the measured quantities.
- 1.3 The limits specified in Section C.1.2, C.1.3 and C.1.4 may be revised if any of the fixed values in Section C.1.1 change.

E. FUTURE AMENDMENTS OF ESKOM'S ENABLING LEGISLATION OR DISTRIBUTION LICENCE

The standards and limits set out in this annexure are subject to change necessitated by amendments to either the Act, the Electricity Act or the Eskom Distribution Licence.